

JPRS-EER-87-093

12 JUNE 1987



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# ***JPRS Report***

## **East Europe**

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### **SPECIAL NOTICE**

Effective 1 June 1987 JPRS reports will have a new cover design and color, and some reports will have a different title and format. Some of the color changes may be implemented earlier if existing supplies of stock are depleted.

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12 JUNE 1987

# EAST EUROPE

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## BRIEFS

**AMBASSADOR TO BANGLADESH**--On Sunday [18 May] Hussain Mohammad Ershad, president of the People's Republic of Bangladesh, received Lothar Nestler, GDR ambassador extraordinary and plenipotentiary, for a farewell visit. During the talks the two sides expressed appreciation for the friendly relations between the GDR and Bangladesh and agreed that the friendly relations between them will also develop in the future for their mutual benefit and in the interest of peace and understanding among peoples. [Excerpt] [East Berlin NEUES DEUTSCHLAND in German 19 May 87 p 2 AU] /9274

**BITTERFELD SED SECRETARY DIES**--On 18 May 1987 Werner Czogalla, first secretary of the SED kreis leadership of the Bitterfeld Chemical Combine died, at the age of 59. Werner Czogalla joined the SED in 1948 and subsequently held responsible posts in the FDGB and SED. He became first secretary of the SED kreis leadership of the Bitterfeld Chemical Combine in 1969. [Summary] [East Berlin NEUES DEUTSCHLAND in German 19 May 87 p 5 AU] /9274

**INDIAN TRANSPORT MINISTER**--On Monday [18 May] GDR Minister of Transportation Otto Arndt received in Berlin P. P. Nayyar, state secretary in the Ministry of Transport of the Republic of India, for friendly talks. The state secretary is participating in the current third session of the joint GDR-Indian Navigation Commission. The interlocutors stressed in concert that on the basis of the government agreement on cooperation in the field of merchant shipping signed in 1979, great progress was achieved in fashioning the bilateral maritime traffic relations for their mutual benefit. An even more effective utilization of existing maritime traffic connections between the GDR and India was also discussed. [Excerpts] [East Berlin NEUES DEUTSCHLAND in German 19 May 87 p 5 AU] /9274

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## PZPR VOIVODSHIP COMMITTEE PLENUMS REPORTED

## Bydgoszcz Focus on POP Role

Warsaw TRYBUNA LUDU in Polish 28 Feb-1 Mar 87 p 2

[Article by Marek Badtke: "PZPR Voivodship Committee Plenums: Bydgoszcz"]

[Excerpts] It is through the basic units and their forces that the party influences the community that implements its program and carries out its functions. Yesterday (27 February) the PZPR Voivodship Committee plenum held in Bydgoszcz returned over and over again to the reasons for party members' attitudes and loyalty, which was taken to mean fidelity to statutory tasks. The plenum was attended by Henryk Bednarski, PZPR Central Committee secretary, who analyzed the methods and forms of operation of the basic party organizations and bodies carrying out the resolutions of the Tenth Party Congress.

"Let us get away from setting up facades and from excessive ceremony at meetings. Let them become a place for creative discussion about everyday affairs and problems," said Piotr Warzyniak, from the Waliszewo State Farm.

In taking the floor, Central Committee Secretary Henryk Bednarski's emphasis on methodology in the preparations for the voivodship committee's plenum and on the way deliberations are conducted met with approval. He also pointed out the valuable assistance of the Bydgoszcz theoretical session and scientific conference held earlier on the problems of the POP's role and place in turning into reality the party's leading constructive and service role in carrying out the resolutions of the Tenth Party Congress.

## Radom Industrial Output Reviewed

Warsaw TRYBUNA LUDU in Polish 28 Feb-1 Mar 87 p 2

[Article by Mieczyslaw Kaca: "PZPR Voivodship Committee Plenums: Radom"]

[Excerpts] Last year industry in Radom Voivodship produced 15 percent more material goods than in 1979, the best year before the breakdown of the economy. Exports also grew at a rate above the national average.

It was said at the party's voivodship committee plenum in Radom that these facts show that voivodship industry has not wasted the five-year period of inculcating the economic reform.

But can we be satisfied with everything? Is everything going as it should? In the analysis of the various areas of enterprise operations, in preparation for setting tasks for members of the party and party organizations at the second stage of the economic reform, it was stated, for example, that last year wages still rose more rapidly than labor productivity. Only 16 enterprises achieved the proper ratios.

It is therefore a task of the first order to accelerate qualitative changes in the region's economy. The resolution included detailed tasks for members of the PZPR and party organizations.

#### Ciechanow on POP, Reform

Warsaw TRYBUNA LUDU in Polish 2 Mar 87 p 2

[Article by Tadeusz Woicki (PAP): "Improved Management Effectiveness : PZPR Voivodship Committee Plenum in Ciechanow"]

[Excerpts]: Ciechanow. The directions that the voivodship party organization is taking on behalf of improved operating effectiveness to implement the goals set down by the Third Central Committee Plenum was the subject of the PZPR voivodship committee plenum held in Ciechanow on 28 February.

During the deliberations it was emphasized that the results achieved in the voivodship during 1986 confirm the favorable trends coming about in the economy.

At the same time, attention was given to the substantial untapped reserves and shortcomings that still exist in the region's economy. This applies, for example, to the underemployment of the factories' production potential and time, poor work discipline, and the low extent to which work is done in shifts. The firms show too little concern for reducing production costs and upgrading product quality.

The plenum also assessed the course of the PZPR post-congressional reports and elections campaign in the voivodship.

At the end of the conference, Jozef Barecki, head of the PZPR Central Committee's Propaganda Department, who attended, took the floor.

#### Shipyards on Stronger PZPR Role

Warsaw TRYBUNA LUDU in Polish 7-8 Mar 87 p 2

[Article: "They Decided on Concrete Actions: Plenary Session of PZPR Voivodship Committee"]



[Text] Szczecin. The party organization of the Gryfia Szczecin Ship Repairyards (SSR) in no way resembles the one of a few years ago. Marian Ruciak, First Secretary of the Party Plant Committee, said that while it was not a coherent body at the end of 1980 or in 1981, today things are different. This fact was confirmed by the OOP secretaries, Jan Bramowicz and Tadeusz Siewicz. All three emphasized that the shipyard party organization had gained moral authority among the workers, had become stronger, and had consolidated. In just the past 2 years, the organization gained 40 new party members, most of them young workers.

Nonetheless, the road to the rebuilding of moral authority was neither simple nor short. It was necessary to overcome old mistakes and to reject schemes. There was a bent to the concrete, to clarity of action, to vital, critical discussions in the departments, to interior discipline, and to a unity of word and action, to calling to account those comrades to whom the party organization had entrusted individual tasks.

The picture of the party organization's activity at the Gryfia SSR is typical for the whole Szczecin voivodship party organization. In 1985-1986 alone, 5,000 members were taken into the party here. Of these, 50 percent are workers and peasants, and one candidate out of every three is under 30. Most POPs have already taken on strength and by their active stance and initiative are exercising their leadership functions well.

By way of confirmation, PZPR Voivodship Committee Secretary Stefan Rogalski also included the results of the research which the voivodship committee's social research center conducted.

Nonetheless, Stefan Rogalski said that the ideal is still a long way off. He listed a whole number of weaknesses in POP operation, including some which were very disturbing. For example, 18 percent of the resolutions adopted and 23 percent of the suggestions accepted are never carried out, and 30 percent of party members have no assigned party tasks. Only 40 percent of the party members attend all the meetings.

In some organizations a reluctance to popularize POP resolutions in their communities has been noted. There are a number of units in which difficult and unpopular tasks are not taken up, and people are not singled out for criticism or penalties for not discharging their party obligations.

All these matters were reflected concretely during the deliberations of the PZPR voivodship committee plenum in Szczecin, on 6 March, which was attended by Jozef Baryla, secretary of the PZPR Central Committee.

Invitations were sent to 150 OOP and POP secretaries to attend the deliberations. The words spoken went beyond polite formalities, and the discussion included a critical and self-critical exchange of opinion. Cards were also withdrawn, making the discussion lively and concrete.

The statements of the party organizations of the plants and villages were especially realistic, including those of Jan Malecki, from the port; Czeslaw Sobanski, from PZN; Boguslaw Deregowski, from the Warski shipyards; Eugeniusz

Wodzinski, from Gryf PPD1UR; and Jan Jachura, from Stara Dabrowa KPGR.

#### Baryla Szczecin Talk Summarized

Warsaw TRYBUNA LUDU in Polish 7-8 Mar 87 p 2

[Article by Henryk Prawda: "Address by Jozef Baryla"]

[Text] The Central Committee secretary emphasized the significance of the subject of the deliberations, in view of the close proximity of the Fourth Central Committee Plenum. Among other things, he said that they wanted to enrich the shape of the plenary resolutions with suggestions coming out of discussions in the basic party organizations (POP), because it is in the POP that the key to all problems of Polish reality is to be found.

Speaking to the role and significance of the basic party organizations, the speaker stated that they are changing internally, are bolstering their class-oriented worker nature, and are democratically developing operating mechanisms, and, in keeping with the goals set down, are improving the forms and methods of action. Most of the POPs function on a regular schedule, holding meetings at set intervals, setting concrete tasks for party members and candidates, and consistently overseeing the execution of these tasks. In a majority of the POPs, there is increased initiative in undertaking and resolving local community problems.

"At the same time, however," Baryla pointed out, "we are still noticing many shortcomings and weaknesses in the work of certain party echelons and organizations. It is no secret that alongside vital, resilient POPs, we have some that are weak and anemic. This applies in particular to the organizations with small memberships."

"The inculcation of the decisions of the Tenth Party Congress, especially the implementation of tasks related to the second stage of the economic reform, demands greater POP activity in the communities in which they operate, especially in the workplace and in the residential community," Baryla emphasized.

"The slogan: The POP, the people's front," the secretary said, "is not a propaganda slogan. It is a command flowing out of the significance of today's stage of development of our country, out of the Leninist nature of our party. Therefore, we can say that as in the economy we are entering the second stage of the economic reform, so in party work we are striving for our own special second stage in the struggle for the concrete, for the party's organizational, inspiring, and service-oriented mission to the people. At present, the economy is the decisive front on which the battle for the development of a socialist Poland is being waged."

The Szczecin plenum adopted a resolution on tasks in the realm of improving the operation of party organizations.



## Heated Words on Housing Shortage

Warsaw TRYBUNA LUDU in Polish 7-8 Mar 87 p 2

[Article by Jerzy Urbanowicz: "Get Rid of the Stereotypes"]

[Text] Slupsk. In expanding housing construction, Slupsk Voivodship can be proud. Last year 2,645 dwelling units were signed over for use. This amounts to 6.7 per 1,000 population, compared to an index of just 5.2 nationwide.

An experiment that began in Slupsk Voivodship has proved successful. The experiment consists of reorganizing construction enterprises, each being assigned certain regions of the voivodship for service. Because of this it was possible to release untapped reserves that had been locked up in the execution stage itself, thereby allowing planning on a far higher level for 1988-1990.

The executive board report, which Voivodship Committee Secretary A. Szczepanski presented on 6 March, took up the proposals undertaken by Slupsk Voivodship, especially the expansion of the role of workplaces in resolving the housing problems of their employees. It is worth mentioning that in Slupsk a voivodship plant construction society, second only to Warsaw, has been created. It is a sort of substitute investor for plants undertaking to resolve the housing problems of their employees. It is also to help break down the housing cooperative movement's monopoly, which is still being guided by formal criteria, in both the construction and allocation of apartments.

In a discussion that was interesting and at times heated, the 17 people took the floor and emphasized the need to exploit all possible forms that might help increase housing construction.

Alfred Miodowicz, member of the Central Committee Politburo, and chairman of OPZZ, was present at the voivodship committee plenum and expressed satisfaction that the voivodship party organization was taking up a painful Polish social problem for the second time in a short period. He mentioned that there was no way to resolve this problem without the participation of the factories.

The multiplant associations of plant construction should take on the role of both investor and contractor. They should also support various forms of single-family construction.

In summarizing the deliberations, Voivodship Committee First Secretary Zygmunt Czarzasty emphasized that in order to resolve the housing problem, it is necessary to get rid of old stereotypes in approaching the various phases of the investment process. More effective methods must be employed. Slupsk Voivodship's past experience shows that this is possible, although it is not easy.

## Joint ZSL Plenum on Agriculture

Warsaw TRYBUNA LUDU in Polish 10 Mar 87 p 2

[Article by Marek Badtke: "Why All Do Not Strive for Good Harvests: Plenum of the PZPR Voivodship Committee and the ZSL WK in Wlaoclawek"]

[Excerpts] "Simple untapped reserves in rural areas have been exhausted, and it is time to revalue agriculture by endowing it with sufficient modern means of production," Stanislaw Grochowalski, chairman of WZRKiOR, a farmer from Bozymin village in the parish (gmina) of Rypin, said at yesterday's plenum of the PZPR voivodship committee and the ZSL WK in Wlaoławek, on 9 March.

Most of the statements during the deliberations were in this spirit. During the presentations the people present at the plenum set for themselves the goal of defining the conditions and setting down the long-term developmental prospects for agriculture in Kujawy and the Dobrzynska region.

Not all the land is being properly utilized. There are parishes where the harvests are far smaller than those of a neighbor, even though the soil conditions are similar. It is disturbing that villages from the Kujawy "granary" have wound up on this list. The number of farms which did not sell a single kilogram of goods or commodities to the socialized wholesale purchase centers is growing, to 4,800 out of a total of 40,000.

I agree with a statement that Robert Nowak, a farmer from Byton parish, made that today's agriculture calls for modern means of production, but I take exception to the statement that simple untapped reserves have been exhausted. For example, it is difficult to use aerial application services for tiny scattered fields or to see the point of high-output varieties of grain or improved strains of cattle in the hands of farmers who do what is called "natural farming."

Therefore the rural POPs and ZSL circles and the regional and agricultural self-government face important tasks. The resolution of the joint plenum emphasizes the problems. This document also brings up the need to popularize good models, and Wlaoławek Voivodship has many of them.

The joint Wlaoławek Voivodship plenum of the PZPR voivodship committee and the ZSL WK was attended by Zbigniew Michalek, PZPR Central Committee secretary and Politburo alternate; and by Kazimierz Olesiak, presidium member and secretary of the ZSL supreme committee. Krystian Luczak, the first secretary of the voivodship committee, chaired the plenum.

#### Cadre, Productivity Issues Viewed

Warsaw TRYBUNA LUDU in Polish 13 Mar 87 p 3

[Article by Andrzej Gesing: "Manage More Effectively, Live Better"]

[Text] Nowy Sacz. The plenum of the voivodship party echelon in Nowy Sacz on 12 March was devoted to qualitative changes and the overcoming of barriers in acceleration of the voivodship's socioeconomic development. Jozef Brozek, First Secretary of the PZPR Voivodship Committee, chaired the session.

Many of the parties to the discussion sought answers to the question of why some people manage under the same conditions of others, who are still stragglers.

It is the party's duty to notice achievements, and also openly to naming disturbing phenomena, those which are the subject of citizen complaints, the ones that are discussed in party meetings, in the workplace, and in the villages, and those that the commissions of the voivodship committee presented in writing to people at the meeting. Therefore, let those to whom the comments are addressed feel a sense of obligation to correct the situation in their own back yard, and if they do not feel up to it, then it would be better for them to leave for less responsible work.

This was the tone, for example, of Czeslaw Oruba, of the Glinik Mining and Drilling Machine Factory. He stated that in many plants, from the management down to the rank and file employees, there is still a lack of conviction about the new forms of management of work. Meanwhile, for example, Glinik experience shows that the team system of work on the tooling of housings for mining machinery introduced as of 1 February has caused production to increase from 200 to 260, and earnings of the work teams have increased by more than 15 percent.

The position of the voivodship party echelon in the report of the executive board was clear and indicated the elements that are delaying the implementation of enterprise independence. The question was asked as to what to do about the fact that suppliers are still in control, and the formal set ways of distribution of the means of production continues, of how to make correct decisions in keeping with economic theory that are favorable both to the enterprise and to society, when there is the difficulty of prices set at the floor and the ceiling, some reduced, some too high.

Much attention was given to the possibilities of making effective use of personnel in the economy. On the subject of certification of jobs, the predominating view was that unfortunately there are false actions, distinctive features, expectations, and attempts to make things permanent.

Maria Wozniak, school principal in Laskowa, was generally critical of the policy of places of employment that complain about the lack of personnel but do nothing to attract young people graduating from vocational schools.

#### Rzeszow on Reform Implementation

Warsaw TRYBUNA LUDU in Polish 13 Mar 87 p 3

[Article by Ryszard Zatorski: "Untapped Reserves in Quality Acceleration"]

[Excerpts] Rzeszow. The plenum followed working discussions with management and party activists of key plants in the voivodship along with leading inventors and implementation people. Information was also gained from the experience of people in work brigades concerning the forms of group work, and information was taken from reports, for example, from the Polish National Bank, the Supreme Control Chamber, and the Treasury.

Difficult questions were not avoided in the considerations of how to improve activity to manage more effectively in the reform, so that the goals presented at the Tenth Party Congress and made concrete during the Third Central Committee Plenum could be executed in practice. There was more attention to the weak side rather than just mentioning the positive achievements, although there was no shortage of such achievements here either. The purpose was to seek out untapped reserves and ways to accelerate the voivodship's economic development.

This was the reason for the lengthy description of work quality, both in the paper presented by Voivodship Committee Secretary Stanislaw Czech and discussion.

Henryk Trzesicki, director of the Rzeszow WSK, proved that if there was standardization of the calculation of the interest rate of various taxes for which today an army of people are employed, it would be possible to save several dozen accounting positions.

In Rzeszow Voivodship, for years industry has each year been achieving a five-percent increase in the production growth rate. This is higher than the national average. More basic items are also being produced than in 1979 (for example, vacuum cleaners, plant pest control, medicines, furniture, woolen textiles), but not everyone is sharing in this. Last year 14 economic units were on the brink of bankruptcy. Most of these were small work cooperatives and gmina (parish) cooperatives. Two went into liquidation.

Voivodship Committee First Secretary Franciszek Karp chaired the deliberations, which Labor, Wages, and Social Affairs Minister Stanislaw Gebala attended.

#### Bloc Joint Ventures Stressed

Warsaw TRYBUNA LUDU in Polish 16 Mar 87 p 2

[Article by Zbigniew Menes: "No Turning Back From Progress: PZPR Voivodship Committee Plenum in Kalisz"]

[Excerpts] Kalisz. In Kalisz Voivodship, despite the imperfections still existing in the system of popularizing and inculcating technical progress, there are more and more examples to prove that barriers on the road from idea to progress have been overcome and already belong to mythology. This fact was emphasized during the PZPR Voivodship Committee plenum in Kalisz on 14 March.

These actions are served, among other things, by broader, more active cooperation between the region's factories and partners in other socialist countries, especially the Soviet Union.

For example, in cooperation with the Enims Scientific Research Institute in Moscow, electromagnetic clutches were modernized at the Ponar-Ostrzeszow Mechanical Equipment Plants, and, under the auspices of Polish-Soviet cooperation, production of electric feeders was developed at the Mera-Zap



Industrial Apparatus Plant in Ostrowa Wielkopolska. At the Pleszowo Machine Tool Factory, it was the production of numerically controlled lathe subassemblies.

The adopted resolution, which should become an incentive for accelerated changes in engineering, technology, and management of the enterprises, for example, is critical of the excessively slow rate of work related to the inculcation of production of certain government orders, especially industrial work.

The plenary deliberations were conducted by Voivodship Committee First Secretary Jan Janicki, and attended by Kazimierz Grzesiak, head of the Agricultural Department of the PZPR Central Committee.

#### Democratization, Discipline Discussed

Warsaw TRYBUNA LUDU in Polish 20 Mar 87 p 2

[Article by Jan A. Kraszewski: "PZPR Voivodship Committee Plenary Meeting: Counteract Indifference"]

[Text] (PAP) Piotrkow Trybunalski. The PZPR Voivodship Committee plenum was held on 19 March in Piotrkow Trybunalski. Implementation of resolutions of the Tenth Party Congress was the subject.

At the plenum the need to subordinate many areas of economic and social life was pointed out. It was emphasize that arrogance, incompetence, waste, and manifestations of moral and social pathology are the cause of much social dissatisfaction.

There were several mentions of the fact that the introduction of democracy into social life must not negate law and order, discipline, and responsibility, because its major virtue is the possibility for shared administration and joint responsibility, along with overcoming indifference, passivity, and the barriers to progress.

There was a search in the discussion for new, more effective forms and methods of ideological formation that could be linked more directly to economic conditions and the realities of daily life. Stanislaw Wolski, a foreman at the Belchatow Cotton Mills emphasized the need to involve young people in carrying out the tasks designated by the party.

#### Environmental Issues Viewed

Warsaw TRYBUNA LUDU in Polish 20 Mar 87 p 2

[Article by Jan A. Kraszewski: "PZPR Voivodship Committee Plenary Meeting: By Protecting the Environment, We Protect Ourselves"]

[Text] Sieradz. For the first time, on 19 March, the voivodship party organization took up the issue of forest management and related problems of protecting the natural environment.

Awareness the what is over us and flows on its own recognizes no administrative divisions did not incline the parties to the discussion to shake their fingers at a "colleague," because the discussion was not focused on local sources of danger or ways to eliminate them.

It was just in this spirit that Antonina Wojteczak talked about how many plants find it more profitable to pay the small fines for polluting the environment than to concern themselves with existing waste water treatment plants and air purification equipment or the construction of new ones.

Andrzej Pychynski of Wielun stated that two types of ownership interfere with comprehensive forest management. He called for buying up portions of peasant forests or exchanging them for land, because it has turned out that farmers are only interested in their own forests when they need timber for construction. Stanislaw Papierski mentioned that peasant forests are undergoing more and more destruction as local residents use them as dumping grounds.

The plenum adopted a resolution including tasks for the voivodship administration, and suggestions were put forth, some of which were to be sent to appropriate ministries and central units.

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## PZPR POLITBURO OUTLINES SPECIFIC IDEOLOGY TASKS

Warsaw ZYCIE PARTII in Polish No 7, 8 Apr 87 p 15

[Article by Mirosława Machura: "Three Tasks"]

[Text] In the discussion that has taken place within the party since the 10th Congress, answers are being sought for many unusually important problems:

- What should be the priorities for ideological activity?
- What should be the center of attention for educational work so that ideology can support realization of the social and economic program as effectively as possible?
- What are the objective and subjective factors in public awareness?
- What mechanisms create public attitudes and what do they mean in ideological indoctrination?

On 3 March of this year, the Politburo reviewed the basic problems of the party's ideological work to fulfill the resolution of the 10th PZPR Congress. Tasks of great importance to the specification of the party's line on ideological indoctrination were formulated.

#### The First Tasks

The Politburo pointed out the need to mobilize an ideological front around the key task of acquainting the public with the content of the 10th Congress Program.

Fairly often during meetings, training exercises and individual conversations, it was said that "if social, economic and ideological goals and how they are to be achieved were better defined, it would be easier to convince people to believe in the party's program and free creative energy and social activity, etc.". It has turned out or at least seems to be the case that the knowledge about the party's program gained from participating in several meetings is unsatisfactory despite the fact that nearly 10 months have passed since the 10th Congress.

One can therefore ask what has caused this. Is it the fault of poor distribution and explanation of information or is it inefficient ideological indoctrination? It seems that there are many different causes. Undoubtedly, the proper intensity of information and propaganda activities has not been achieved everywhere. The right formula has not been worked out for presenting the PZPR Program in such a way as to make it a part of the public's awareness that would influence the way that people see our country's prospects for growth.

Paraphrasing Marx's known maxim that an idea becomes a material force when it grips the masses, one can say that ideology becomes a real force to the extent that it creates attitudes, influences beliefs and values and sets in motion a mechanism that activates individuals and entire groups.

This goal has not been achieved through the repeated quoting of passages from the Program. It is not a matter of a formal knowledge of the program's themes but of using a vision of the future and social mechanisms for fulfilling the future to move the human intellect and emotions, show people ways of changing the course of events and stimulating activity. It is all a matter of popularizing the content of the party's program in such a manner.

#### The Need for Knowledge

The Politburo indicated the need to work out and adopt to practice a well thought-out and class-oriented interpretation of social and economic development and the changes taking place in Poland and the world. The high dynamic state of changes, new events and processes and the crisis of stereotypes and the traditional hierarchy of values all show that people today are asking questions and looking for their answers. Nature abhors a vacuum! A lack of convincing answers from socialist ideology creates the ground for the dissemination of alien ideologies, especially when there is a sharp ideological struggle.

The chief direction for providing these answers is the activation of research and the encouragement on a broad scale of social studies to as quickly as possible produce credible results and use them on the front of ideological work. The Politburo has underscored the great significance of theoretical problems in party activities and social research. It was announced that before the national conference of delegates, the 3rd National Party Ideological and Theoretical Conference would summarize the results of which research attempts. This conference will be dedicated to comprehensive analysis of the motive forces for accelerating social and economic growth and also identification of the factors and barriers hindering the process of renewal in our country.

The organizational component of every ideological program assures that ideological indoctrination will be carried out effectively. This is not a question of techniques and methods, modern audiovisual equipment or more active didactic forms (although they are unquestionably effective) but of style and the approach taken to the issue.

Both negative and positive experiences so far have shown that the efficiency of ideological work depends most of all on how closely its substance and form match the real problems that people face at their jobs or in their social environment. This is especially significant when one takes up difficult and complex social and economic problems associated with the realization of the second stage of economic reform.

#### **Earnest Accounting**

We must especially keep in mind the fact that the announced activities connected with the restriction of subsidies, regulation of prices and intensification of economic criteria are not solely economic operations. They will have specific social effects on individuals and entire groups of people can even shatter the public's feeling of security. Such views would not be in keeping with real intentions and are inadequate for the assumed program of economic reform. They should be opposed on the basis of the specific conditions within a given place of work or job.

By pointing out the meaning of planned or realized actions, we must be able to comprehensively demonstrate the effects on individuals and on society as a whole. Most importantly, we must account for our actions earnestly and in a competent manner. That too is a very difficult task that must be fulfilled by our ideological front.

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CSO: 2600/528

**PARTY ACTIVITIES CALENDAR 16-29 MARCH 1987**

Warsaw ZYCIE WARSZAWY in Polish No 7, 8 Apr 87 p 21

[Text] Meetings of the PZPR Central Committee Politburo

17 March. At an out-of-town meeting in Bydgoszcz, the Politburo assessed the realization of the resolution of the 3rd Central Committee Plenum and learned about the state of work to implement the second stage of economic reform. There was also discussed the state of preparations for the 4th Central Committee Plenum which will be dedicated to analysis of the reinforcement of party organizations.

24 March. The Politburo assessed the state of work to produce profound changes in the nation's economy and the strengthen the equilibrium between money and the market. The review of organizational structures in the economic and state was discussed.

The Politburo received recommendations and ordered the party-government commission to accelerate and radically change its work. The problems of personnel policy were also considered and it was recommended that the control of social pathologies and especially of alcoholism be intensified.

**Conferences and Meetings**

16 March. Members of the Central Committee Politburo and Secretariat learned about the work of the Bydgoszcz party organization. On the same day, they also participated in direct meetings with the employees of the region's largest work establishments. First Secretary Wojciech Jaruzelski visited the employees of the Unitra-Eltra Radio Works in Bydgoszcz. In the evening, the Politburo met with the executive board of the Bydgoszcz Provincial PZPR Committee.

18 March. At the headquarters of the PZPR Central Committee, there was a conference of the first secretaries of primary party organizations [POP] from the press, radio and television all over Poland at which the mass media's role in preparations for the 4th Central Committee Plenum was discussed on the basis of a report by the director of the Central Committee propaganda Department, Jozef Barecki. The meeting was summarized by Politburo Member and Central Committee Secretary Jan Glowczyk.

Before the start of Sejm sessions, the PZPR Deputy's Club met to discuss a bill on social consultations and referenda. The meeting was chaired by Tadeusz Porebski.

19 March. The Central Committee Commission on Economic Policy, Economic Reform and Worker Self-Management held its first meeting under the chairmanship of Politburo Member and Central Committee Secretary Marian Wozniak. It discussed the economic results of 1986 and used them to specify recommendations for 1987 and also discussed the principles for the functioning of enterprises.

Politburo Member and Foreign Affairs Minister Marian Orzechowski visited the Copper Mining Basin. He participated in a meeting of the Provincial Defense Staff and of the POP at the Lubin Mines.

21 March. Central Committee Secretary Henryk Bednarski met with students of the Postgraduate Studies Center for State Government Employees to discuss the tasks facing them before the 10th PZPR Congress.

23 March. A CPSU Central Committee delegation under Vasily Kostetsky finished its visit. The purpose of this trip was to exchange experiences in ideological work with youth. The delegation was received by the director of the PZPR Central Committee's Department of Youth, Physical Education and Tourism, Jerzy Swiderski.

25 March. The Economic Reform Commission discussed a working draft of ideas for the second stage of economic reform. First Secretary of the PZPR Central Committee Wojciech Jaruzelski was present at this meeting and the text of his speech was published by the newspapers.

The Central Committee Propaganda Commission discussed recommendations from publications POP's on the subject of propaganda forms and methods. The meeting was chaired by Politburo Member and Central Committee Secretary Jan Glowczyk.

The Central Committee Commission on Mining, Resources and Energy discussed the subject of mineral processing and enrichment. This meeting was chaired by Politburo Member Zygmunt Muranski.

26 March. Central Committee Secretary Andrzej Wasilewski attended the inaugural meeting of the Central Committee Culture Department's National Writer's Group. Slawomir Tabkowski, a member of the Central Committee and editor of GAZETA KRAKOWSKA, was elected chairman.



A conference organized by the Academy of Social Sciences Institute of Scientific Socialism and Party Theory was held today to discuss preparations for the 4th Central Committee Plenum on primary party organizations. Stanislaw Gabrielski, director of the Central Committee's Politico-Organizational Department was present.

27 March. The Central Committee Social Policy and Environmental Protection Commission examined prognoses for the country's demographic and social growth up to the year 2000. The meeting was chaired by Politburo member Kazimierz Barcikowski.

The Central Committee Commission of Agriculture, Agronomy and Forestry discussed a draft of a system for farmer training. The meeting was chaired by the commission chairman, Henryk Plocha, and attended by the director of the Central Committee Agricultural Department, Kazimierz Grzesiak.

28 March. Politburo Member and Central Committee Secretary Jan Glowczyk received a visit from Gabor Borbely, the editor of the supreme press organ of the Hungarian Socialist Worker's Party Central Committee, who was visiting Poland on the invitation of TRYBUNA LUDU.

#### In Party Instances and Organizations

19 March. The Piotrkow Trybunalski Provincial PZPR Committee discussed the provincial party organizations' realization of the resolutions of the 10th Congress.

The Sieradz Provincial PZPR Committee discussed forestry and problems in environmental protection.

25 March. The Plock Provincial PZPR Committee had an out-of-town meeting in which it assessed the province's economic results for 1986 and this year's tasks in the light of the 4th Central Committee Plenum.

The Przemysl Provincial PZPR Committee assessed the provincial party committee's realization of the resolution of the 9th Central Committee Plenum on youth affairs.

The Wroclaw Provincial PZPR Committee discussed the tasks of the provincial party organization for 1987.

The Zielona Gora Provincial PZPR Committee outlined tasks for improving moral health and controlling social pathology.

The Katowice Provincial Control and Review Commission devoted its plenum meeting to the issues of the violation of laws, violation of principles of social justice and particularism. Politburo Member and Chairman of the Central Control and Review Commission Wlodzislaw Mokrzyński was present.

26 March. The Jelenia Gora Provincial PZPR Committee discussed tasks set by the resolution of the 3rd Central Committee Plenum for economic activity in the province.



The Kielce Provincial PZPR Committee discussed tasks in the intensification of export trade. chairman of the Polish national Bank professor Wladyslaw Baka and Rector of the PZPR Social Sciences Academy professor Jarema Maciszewski were present.

The Torun Provincial PZPR Committee and Provincial ZSL Committee held a joint meeting to discuss the possibilities for further growth of agriculture and food industries in the province. Kazimierz Grzesiak, director of the Central Committee Agricultural Department, and Tadeusz Ruchniewicz, director of the ZSL Supreme Committee Agricultural and Economics Department, were present.

27 March. Politburo member and National Defense Minister General Florian Siwicki met with the employees of the Autosan Bus Factory in Sanok where they discussed the problems of implementing the second stage of economic reform and the role of the party organization.

The Suwalki Provincial PZPR Committee discussed the role of resident's self-government in fulfilling social, economic and educational tasks in the community.

28 March. The Bialystok Provincial PZPR Committee discussed the possibilities for development of the food and agricultural industries in the region. Maciej Lubczynski, director of the Central Committee Socio-Professional Department, and Jan Zegartowski, deputy chairman of the Central Committee Agricultural Department were present.

The Ostroleka Provincial PZPR Committee examined plans for improving the region's sanitary conditions. The deputy director of the Central Committee Socio-Professional Department, Stanislaw Skladkowski, took part in the meeting.

The Opole Provincial PZPR Committee discussed the implementation of economic reform in the province. Deputy Director of the Central Committee Economics Department Wlodzimierz Hausner took part in the meeting.

The Siedlce Provincial PZPR Committee assessed the economic results of the last year and outlined economic tasks for the party work in the current year. Manfred Gorywoda, vice-premier and chairman of the Council of Ministers Planning Commission, participated in the meeting.

#### Inter-Party Cooperation

A PZPR Central Committee delegation under Deputy Politburo Member Stanislaw Bejger arrived in Zimbabwe where it signed a protocol for cooperation between the PZPR and the Zimbabwe African National Unity and People's Front (ZANU-PF).

9-10 March. Under a program of PZPR-CPSU cooperation, a group of CPSU Central Committee lecturers led by the chairman of the Central Committee Department Sector, G. Ostroumov, arrived in Poland. The Soviet lecturers were received by the director of the Central Committee Ideological Department, Wladyslaw Loranc.

19-21 March. A delegation from Katowice Province led by Deputy Politburo Members and First Secretary of the Katowice Provincial PZPR Committee Bogumil Ferensztajn visited Ostrava in connection with the 40th anniversary of the signing of the Treaty of Friendship and Mutual Aid between Poland and Czechoslovakia.

18-19 March. Ernest Kucza, a member of the Politburo and director of the Central Committee Foreign Department, arrived in Hungary to talk with the director of the Foreign Department of the Hungarian Socialist Worker's party Central Committee, Geza Kotal. He was also received by Miklos Ovari, Politburo member and secretary of the Central Committee of the Hungarian Socialist Worker's Party.

A delegation from the Central Committee Department of Science, Education and Scientific and Technical Progress under the department director, Boguslaw Kedzia, arrived in the USSR. The delegation was received by Aleksandr Yakovlev, a member of the Politburo and secretary of the CPSU Central Committee.

29 March. The Congress of the Communist Party of Austria ended in Vienna. A PZPR delegation under Politburo Member and Central Committee Secretary Tadeusz Porebski attended the congress. On the conclusion of the congress, the delegation was received by the chairman of the Austrian Communist Party, Franz Muhr.

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CSO: 2600/528

## TARNOW DEFENSE COMMITTEE ON CRIME, LAW-ORDER ISSUES

Krakow GAZETA KRAKOWSKA in Polish 19 Mar 87 pp 1,2

[Unattributed article: "Meeting of the Provincial Defense Committee in Tarnow"]

[Text] The subjects of yesterday's meeting of the Provincial Defense Committee in Tarnow were assessment of the realization of tasks from the Tarnow Provincial Defense Committee and Provincial People's Council's program for preventing and controlling social pathology and crime and improvement of public order in the province.

At the meeting which was chaired by Governor Stanislaw Nowak and also attended by First Secretary of the Tarnow Provincial PZPR Committee Wladyslaw Plewniak and Chairman of the Provincial people's Council Mieczyslaw Menzynski, the realization of the program was highly praised. Among other things, a series of investigations had been conducted in places of employment to see how well young workers were socially adapting themselves and studies had been conducted to determine how well the code of duties of officials in regional government offices was being followed. There were other investigations on the observance of the law on anti-alcohol education and control of alcoholism in places of work and the proper functioning of internal auditing services in state enterprises was checked. The meeting also analyzed the acts of family courts with regard to claims against parents whose children have committed acts of vandalism.

The meeting very favorably assessed the public's involvement in activities to improve the state of public safety and order. A sign of this involvement is last year's organization of several police and public patrols in the most crime-ridden areas. In addition, there have been and continue to be created self-defense groups protecting residential parking lots, gardens and places of residence against theft and break-ins.

The committee recommended that select enterprises, institutions and cooperatives be monitored for practical realization of the program's tasks.

The defense committee was also presented with an assessment of the realization of the PZPR Central Committee's instructions on patriotic and defense training of youth and recruitment for military vocational schools.

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## SOVIET KOMMUNIST DELEGATION VISITS PZPR ACTIVS

Warsaw TRYBUNA LUDU in Polish 9 Mar 87 p 2

[Article: "Visit by Delegation from 'Kommunist' Editorial Office"]

[Text] After the close of the roundtable theoretical and ideological conference in Zaborowo, which was devoted to problems of scientific technical progress and the human factor, a delegation from the "Kommunist" editorial office headed by Prof E. N. Arab-Ogla, member of the board of the theoretical group of the CPSU Central Committee, paid a visit to Warsaw 5-8 March. The group became familiar with the party's ideological and theoretical activity since the Tenth Party Congress.

The Soviet guests met with activists at scientific and ideological institutions and at party echelons in Warsaw.

At meetings with groups of party training and instruction activists in the capital, they talked about changes occurring in the USSR initiated at the 27th CPSU Congress. Prof N. N. Moiseyev, full member of the Soviet Academy of Sciences, presented Soviet peace initiatives influencing new world political thinking. Prof G. I. Ikornikova, director of the Department of Philosophy at the Academy of Social Sciences of the CPSU Central Committee; Prof V. I. Ruptsov, deputy director of the Institute of Philosophy, Soviet Academy of Sciences; Prof V. P. Zinchenko, director of the Department of Ergonomics, Moscow Institute of Radio Engineering, Electronics, and Automation; and other members of the delegation discussed changes taking place in scientific and intellectual life to support the processes of socialist reconstruction and acceleration in the USSR.

During the visit to Warsaw, J. Kubasiewicz, deputy member of the PZPR Central Committee Politburo and first secretary of the Voivodship Committee in Warsaw, received the Soviet delegation.

The Soviet delegation held talks at the NOWE DROGI editorial offices with Editor in Chief S. Wronski concerning the role of both publications in carrying out the multiyear plan of ideological cooperation between the PZPR and the CPSU. J. Barecki, director of the Department of Propaganda of PZPR Central Committee, took part in the talks.

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CSO:2600/530



## SOVIET ACADEMICS ON RESTRUCTURING IN PAN DISCUSSION

Warsaw TRYBUNA LUDU in Polish 6 Mar 87 p 2

[Article: Soviet Scholars Discuss Changes in the USSR"]

[Text] (PAP) On 5 March, there was lively interest on the part of the many Polish scholars at the Warsaw conference of the Polish-Soviet commission on cooperation in the social sciences between the Polish Academy of Sciences and the Soviet Academy of Sciences. The meeting was informational in nature and was devoted to the reconstruction of the social sciences and the directions of their development.

These problems were discussed by scholars affiliated with institutions of the Soviet Academy of Sciences: Academician Vladimir Kudriavtsev, director of the Institute of State and Law; Corresponding Member Leonid Abalkin, director of the Institute of Economics; Prof Nikolai Lapin, director of the Institute of Philosophy; and Vilen Ivanov, director of the Sociological Research Institute.

The deliberations were attended by PZPR Central Committee secretary Henryk Bednarski, Vice Marshall of the Sejm Jerzy Ozdowski, and Boguslaw Kedzia, head of the PZPR Central Committee's Department of Science, Education, and Scientific-Technical Progress.

At the end of the session, V. Kudriavtsev told PAP reporters: "We talked to our Polish colleagues about the process of changes that are currently going on in Soviet society and about the major thrust of these changes, that is, mainly about the economy: increased independence of the enterprises and changes in economic mechanisms, as expressed, for example, in the adoption of full economic accounting and the principles of the enterprises' independent profitability and financing. We told them about notions such as election of directors, the expanding role of general workers' meetings, and the formation of employee councils with broader jurisdiction in the running of the enterprises.

"The process of continuing democratization of all spheres of our social life also includes an expanded role for the councils, as bodies of leadership and representative bodies. There is an attempt to expand the jurisdiction of the

council, to increase their role in running various regions, and also to increase their control function. This also applies to an expanded role for council members.

"Out of this come the problems of the struggle against bureaucracy, a fight that is being waged in the USSR in various ways. First of all, I would mention democratization of supervision of the actions of the state administration, and then the extension of professional, political, and legal culture among employees of the state government machinery, along with a greater awareness on the part of working people, greater familiarity with solving problems and including them in the sphere of decisionmaking.

"The increased role of public opinion is an important issue. If there is a predominating conviction of the need to engage in joint operations, then this favors the processes coming about. In expressing the view of specialists in the social sciences, I can say that public opinion in the USSR decisively supports the processes stemming from the Twenty-fifth CPSU Congress.

"We must also say that the role of the social sciences in this process should increase. These sciences have been justly criticized at the party congress and the last plenum of the CPSU Central Committee. The criticism was justified, because scholars have not always been able to deal with concrete, realistic tasks, for example, those concerning new economic mechanisms. The solutions to these problems facing the society are also facilitated by the tasks given to other areas of science."

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## SOVIET CONSUL VISITS BYDGOSZCZ REGION

Bydgoszcz GAZETA POMORSKA in Polish 6 Mar 87 pp 1, 2

[Article: "Soviet Consul in Bydgoszcz: Resolutions of the 27th CPSU Congress Must Be Carried Out"]

[Text] Yesterday Ivan Tkachenko, consul general at the USSR consulate in Gdansk, arrived in Bydgoszcz Voivodship. In the course of his stay, the Soviet diplomat met with Zenon Zmudzinski, first secretary of the voivodship committee in Bydgoszcz, and then with voivodship committee lecturers of regional party work centers and local PZPR echelons, as well as with students at the Bydgoszcz branch of the Academy of Social Sciences and Intervoivodship Party School.

In the afternoon, the Soviet consul, in the company of Voivodship Committee Secretary Andrzej Matuszczak, visited Solec Kujawski, where he toured the Kujaw Automotive Repair Plants. For 19 years, the enterprise has been rebuilding Soviet vehicles exclusively. Then Ivan Tkachenko met with administrative and political activists from the plant and from the local Polmozbyt. The meeting focused on changes occurring at present in the Soviet Union.

I. Tkachenko said that exactly 1 year ago the 27th CPSU Congress came to a close, and its revolutionary, breakthrough significance for the party and the whole Soviet nation cannot be overestimated.

Speaking about resolutions resulting from the congress, the consul mentioned that they present the Soviet Union with enormous tasks. By the end of the century, that is, in less than 15 years, the USSR's economic potential must double. The fact that this is entirely possible is proved by the economic results that the Soviet Union achieved last year, when national income increased by 4.1 percent (and this is the greatest increase achieved up until now during the 1980's), with industrial production increasing 4.9 percent and agricultural production showing an increase of 5.1 percent. Through an increase in grain production alone, it was possible to save about 6 billion dollars that would otherwise have gone for grain imports.

The Soviet guest emphasized that these figures prove that nearly the whole nation supported the program of acceleration drafted at the 27th congress.

Th. also guarantees that the resolutions adopted at the congress will be carried out in full, but the successful implementation of our plans also depends on whether world peace is maintained.

Ivan I. Ilyin also responded to questions from people at the meeting, who were interested, for example, in the problems of subsidies for enterprises in the Soviet Union, price and wage policy, and the long-range prospects for the development of cooperation between our two countries.

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CSO: 2600/' 1

**SATELLITE TV REPORT SPURS STRONG DISCUSSION**

Gdansk DZIENNIK BALTYCKI in Polish 4 Mar 87 p 3

[Article and interview with Wladyslaw Gontarski, member of the Central Committee and worker at the Port of Gdynia, who attended the meeting of the PZPR Central Committee's Propaganda Commission on 28 January; by Adam Grzybowski: "Time to Get Out of the Doldrums: Satellite Television? We Are in Favor of It"]

[Text] A small notice in the pages of DZIENNIK BALTYCKI on 6 November of last year told about the practical aspects of a minister of communications ordinance on reception of satellite television programs sparked an interest in our readers, especially since the explanation given by the representative of the State Radio Inspectorate (PIR) we happened to publish was not entirely satisfactory, particularly to the people directly involved in the whole matter. What is more, we were given proof of PIR's indolence and even bureaucratic heartlessness.

We thought these instances to be incidental, coincidences that could not be taken to reflect badly on the communications ministry, but the future was to show us that

By Telephone, Telex, and Mail, Without Success

One of the people particularly touched by our revelation, not only told us what she thinks about such information but also showed, using a personal example, what difficult problems and situations surround the birth of progress. She also undertook the arduous task of education, aimed at dispelling various myths. For example, the myth of the tremendous costs of equipment for household reception of satellite television broadcasts from somewhere over the Congo, the Indian Ocean, and the Atlantic, like the Soviet "Horizon" over Sierra Leon.

With such preparation, at the end of November we telephoned the Ministry of Communications, where, although our fervor was cooled, we were sent off to Engineer Janusz Falkowski, head of the radio communications services department. The secretary immediately guessed what we were interested in and

warned us that there was not much chance of talking to the director, first, because it is a difficult matter, and second, because we are third in line, and the director is very busy.

Because contact by telephone did not prove very successful, on 4 December we availed ourselves of the telex to contact Janusz Fajkowski on the following issues:

1. How should satellite television develop from the viewpoint of our country's capabilities in the area of: a) general reception? b) the production of Polish receiving equipment?

2. Up until now how has implementation been going on the minister of communications' ordinance of 1 May 1986 on granting permission for, to be brief, the reception of satellite television programs: a) how many applications have been filed within the country for permits? b) how many permits have been granted? c) unless, of course, it is a secret, who was equal to the requirements stemming from the directive?

3. I encountered the statement that the bureaucracy makes it difficult to conduct research on the possibilities of receiving satellite television and, therefore, hampers the chance for beneficial exports. Others would like to follow the example of the Szczecin producer. What does the director think of that?

4. The alleged or actual indolence of the PIR services in granting permits, in the view of interested parties, will lead to a breaking of regulations, that is, to "wildcat" reception. This can lead to difficulties not only in terms of black market telecommunications but also... Well, really, now, should somebody be paying for the programs presently being transmitted? If so, whom and how much?

I do not think that my questions exhausted the whole depth of the problem, and I asked for a possible future response to other important questions which I did not list.

Two months past. During this time we asked several times when we would receive an answer by telex, but as fate would have it, he was too busy, with things like readers' requests for permission to set up a satellite antenna. In this situation on 6 February, we went to the minister of communications, Prof Dr Wladyslaw Majewski. In keeping with Article 4.3 in Chapter 1 of the press law, we expected an answer within 3 days.

Three weeks passed. The letter reached the minister. We still do not have an answer.

#### Who Is Against Satellites?

The ministry is consistent in one thing: It is not granting permission either to people who want to watch, for example, DTV from the United States, for fun; to people who are interested in satellite television professionally, or even to plants that manufacture television equipment. However, because the

administration is using dodges, we went to somebody who could tell us what political circles think about this.

Wladyslaw Gontarski, a worker from the Port of Gdynia and a member of the PZPR Central Committee, attended the deliberations of the Central Committee's Propaganda Commission on 28 January. Alongside issues of an organizational nature, satellite television matters came up. The commission materials state: "This is an objective phenomenon that cannot be curbed or delayed...The social fascination should be supported by government officials and social organizations..., for example, in active support for inventions directed at the problems of new engineering and techniques. It is also useful to acquaint young people with the principles of satellite transmission in clubs and to facilitate activity in this direction in the houses of culture, day rooms and libraries, and so on."

My question to W. Gontarski was: What were the conclusions of that meeting?

[Answer]: First of all, it should be emphasized that we reviewed all aspects of the matter: political and ideological, social, and economic, and we took technical and legal considerations into account too. We weighed the pluses and minuses of having general access to satellite television and came to the conclusion that this form of mass media should be treated with exceptional flexibility, particularly in view of the fact that we will also use it ourselves both to influence our own society and that of other countries.

[Question]: So we are in the race for reason and technology...

[Answer]: Yes, from this point of view we have already analyzed our possibilities within the community of socialist countries and the joint Intersputnik transmission system, which is to compete with what the West is proposing. Today we can already say that the CEMA countries are certain to have access to equivalent technical means in the realm of satellites, carrier rockets, and high level research on reception systems... Another issue is that of the possibility of having individuals make use of them. This today is tied to great expenditures out of the private pocket or the state budget.

[Question]: But these barriers must be overcome, if we are not to be left standing still.

[Answer]: This is exactly the conclusion our commission reached. We decided that it is absolutely necessary to define the directions for the development of satellite television in Poland and also to provide the society with reliable information on this subject. In other words, if we are ever to get there, we have to get out of the starting blocks, especially since there will be a meeting of the World Administrative Radio Conference in 1988. This meeting will seek to regulate basic issues related to the technical and political problems of satellite television emission and reception. Therefore, realizing the existing threat of ideological sabotage, we must know how to counteract them effectively, not by closing our eyes but by taking the offensive. Therefore, we must inculcate the new technology, plan how to use it, and generally get moving.



[Question]: You not only are a member of the Propaganda Commission but also sit on the presidium, or board. What does this responsible function imply?

[Answer]: Probably just exactly what our chairman, Central Committee Secretary Jan Wl6wczyk told me: "We would like to have in the leadership of the commission somebody who will tell us directly what the people at the bottom are thinking." I believe that the critical opinion you mentioned concerning the permits and your correspondence with the minister are also a sign from the people at the bottom showing that energetic action is in order.

[Question]: On behalf of our editors, I can assure you that we will actively join in popularizing satellite television on the coast. Thank you for the interview.

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CSO: 2600/530D

## WORKERS' COUNCIL ROLE IN DISMISSING PLANT DIRECTOR EXAMINED

Warsaw PRZEGLAD TYGODNIOWY in Polish No 10, 8 Mar 87 p 3

[Article by Marek Sarjusz-Wolski: "Calm"]

[Text] They sit at a table in the spacious office of the director of the Stokbet Agricultural Industrial Construction Enterprise in Wrzesnia. From the left: the director, the chairman of the third-term Workers' Council, the chairman of the trade union, the propagandist from the radio network, and the party secretary.

--Why? Well, precisely--why? Why is the enterprise being constantly slandered in the newspapers? Who decides that what is written about Stokbet is always bad?

I came to ask questions, but here I am being told to give answers. From the perspective of the office building on Wroclawska St in Wrzesnia all of this looks like an international journalists' plot. Therefore, before we begin to tell the story, we should go back to the

## First Press Review

Wrote Maciej Wolinski in GAZETA POZNANSKA: Reports began to come in from this out-of-the-way place the likes of which one would be hard-pressed to find in any economic metropolis.

But the world first learned about Stokbet in January 1985 in a radio broadcast from Munich. Jerzy Urban first denied and then admitted that, indeed, in Mieszkow, one of five local plants in Wrzesnia, there had been a strike. They stopped working as usual because there was no cement. They said that this is a strike because no one cares about them or lets them make money. The authorities came, made them go back to work, and the whole thing was over. Czeslaw Curylo from EXPRESS WIECZORNY tried to decide who was right:

--Ignoring a worker's rights, failing to respect his hard work--those are generalities, says the director, Gonerka. Are there any concrete accusations?

The Workers' Council sent its representatives to Mieszkow to investigate. When, upon returning, they told about everything, the council passed a

resolution stating that the strike was premature because not all avenues for presenting their position had been exhausted.

This was certainly the first opportunity to settle everything. But the story could just as easily have been begun earlier or later. The dozens of details can be omitted or they can be painfully related.

--Truly, one would have to be a Sherlock Holmes with a dozen Watsons helping, to determine the whole truth about the events in Stokbet--complained Wolinski.

It was still calm, but between the lines one could see the signs of the approaching storm. Dionizy Zdziabek, propagandist from the factory radio network, in writing to the PRZEMIANY ZIEMI GNIEZNIENSKIEJ weekly about a meeting of the PZPR Gmina Committee in Wrzesnia, hinted:

--In recent months in Stokbet one notes distinct action aimed at removing the party and union organizations from participation in the plant's economic operations. (...) Matters of production, product quality, materials savings, and changes in the wage system, were not brought up by the Workers' Council.

No details were given.

In order to understand why this message was sent we must recall the

#### Generally Known Facts

On 1 April 1984 the first-term Workers' Council, after holding a competition, appointed the assistant director, Jozef Gonerka, to the position of director. The second-term Workers' Council (same composition, different chairman) dismissed Gonerka a year and a half later. The council decided to do this when despite talks and established deadlines the enterprise's financial situation did not improve. In a resolution passed in September 1985, titled "On Improving the Enterprise's Status," the council stated that the reason for the stagnation, the failure to fulfill the plan, the low wages, and the fact that people are leaving the plant in droves, is the incompetence of the management.

The chairman of the second-term Workers' Council was Bogdan Narozny. A person labeled as being critical of reality. Let us add that the label is well-deserved. An activist in former Wielkopolska Region "Solidarity." Interned 13 December. Released 1 May 1982. After furlough and sick leave restored in November to the position of chief automation specialist. It was obvious that he was not repentant.

Ryszard Jedraszak, executive committee secretary:

--He was the cause of everything. He was responsible for the fact that under the cover of the Workers' Council the slogan "the worse things are, the better," was implemented.

The Minister of Agriculture--the parent organ of Stokbet--rejected the council's proposal that the director be dismissed, saying that the situation

in the enterprise is not that bad and that the problems are caused by materials shortages and sales difficulties, i.e., objective factors.

The Workers' Council conducted a referendum which showed that 75 percent of the workforce does not want director Gonerka.

Michal Maciejewski, trade union chairman:

--He was popular with certain people and he came out of internment. He turned people's heads and they supported him.

The council rejected Minister Zieba's position. The minister sent the case to the courts and won. Director Gonerka returned to his office and issued an order banning Narozny from moving about the plant.

In February 1986, after a meeting between the workforce of the plant in Obrzycko and the management, 27 workers signed a statement to the effect that Gonerka had conducted himself improperly saying, among other things, that he is not concerned about people because if some leave, others will come. The statement was entered into the minutes as a council document, after which Narozny instructed that it be posted on the bulletin board.

Gonerka demanded that the statement be removed, saying that its writers are lying. Narozny refused. Gonerka, with the approval of the trade union, fired him for serious violation of basic workers' duties.

Narozny:

--I only told the people to keep calm in the plant and that there should be no strikes. This decision was not a surprise to me because I expected that sooner or later they would attack me.

The Workers' Council met the next day. Narozny attended the meeting as an invited guest. Gonerka, on the other hand, did not appear. The Council again fired the director. This time minister Zieba did not object. Gonerka took retirement. The council elected Zenon Czestochowski, assistant director, as interim plant manager.

Late in May the Labor Court in Sroda Wielkopolska restores Narozny his job. The management appeals. The court in Poznan overrules the verdict of the lower court. Narozny appeals to the minister of labor, wages and social affairs. Minister Gebala considers the case for a few months. In January 1987 he enters an extraordinary appeal to the Supreme Court. The appeal does not talk about restoring Narozny his job (on the contrary, it says that returning him to work is inadvisable) but about paying him symbolic damages--40,000 zlotys.

--"There is no doubt that Narozny's decision to release the text of this statement to the workforce (despite the director's warning as to its objectivity), in which other matters raised at the meeting were omitted, points to the biased action of the plaintiff as chairman of the Workers' Council.



Nevertheless, such conduct should be regarded, contrary to the position of the voivodship court, as ordinary and not a flagrant violation of workers' duties."

That is the briefest relation of what happened in Stokbet. Everyone of the sentences written above could be expanded by several pages of text. In any case, that is what the journalists did. For example, Grazyna Garlinska published a stenotype of the 13th session of the council, at which Gonerka was finally dismissed. From the last sentence of this text, which was titled "Texas in Stokbet," we begin the

#### Second Press Review

--But could not the case of Narozny have been settled in the plant? --asks Garlinska.

It is hard to say exactly when it happened, but certainly the game, which initially appeared to be an ordinary contest of cliques--of which there are plenty on the middle-management level--took on another dimension. Now the players, holding on convulsively to their little chessmen, are straining their eyes to see the neighboring fields because they cannot even begin to dream about encompassing the entire board with their eyes.

The first, as usual, was Michael Kauffman of the NEW YORK TIMES. He was followed by the local press and then the national press.

Narozny:

--Not once have I asked the journalists for help. I am surprised at this because, after all, people with different viewpoints are defending me. But this convinces me that I have chosen the right path.

Aside from Dionizy Zdziabek, only Piotr Gabryel in the Poznan weekly WPROST has come out boldly in defense of the management. His writing is surely the wittiest of all that has appeared on the dispute in Stokbet. In a bravura style Gabryel laughs at the Workers' Council for being under the influence of its chairman, who, somewhat slyly, demonstrates his reluctance to go along with the reds. The Council wants to destroy a decent director, which fortunately it is not able to do.

"I must report with regret that there will be no congratulations for the 10 vanguard members of the Stokbet Workers' Council. The regional court in Poznan, after investigating the case on 14 January 1986, on 21 January at 9 o'clock issued a verdict overruling resolution No 39/85 as it relates to the dismissal of director Gonerka."

But Gabryel did not notice that the Poznan regional court issued its ruling as a one-person body. It seems unlikely that judge Grazyna Radicka would forget that the code requires that the court be made up of three persons. This cardinal procedural error meant that the ruling, which Piotr Gabryel described as final, was de facto invalid because the entire proceeding was invalid. The

fact that this oversight did not in the least affect the execution of the verdict and the further course of events is another matter.

Wladyslaw Tyczynski titled one of his articles on the Narozny case in TYGODNIK ROBOTNICZY "Blind Justice." In another he wrote:

"I would like to provoke some anxiety in at least a few highly placed individuals in our state political system and in the justice offices. Please give some thought to the possible consequences that similar "individual cases" can bring about."

Is it always the matter of the statement posted on the bulletin board which, according to Barbara Majewska, legal adviser to the enterprise, led to disruption of work, because people laughed about it and discussed it? This time both sides describe the matter of the statement with the same word-- "pretext." Except that for Czestochowska the word "pretext" means a desire by Narozny to spread confusion. For Narozny, the fact that Gonerka did not accuse the writers of the statement of slander but fired him, is a pretext.

And had the Primary Party Organization secretary posted the statement? Why ask. The workers from Obrzycko came to the Workers' Council.

Although my informers in the directors' office acknowledged initially that Narozny's past and his opinions did not influence his recent experience, they continue to be present and are often hinted at.

Does the editor of the PZPR daily not look upon the following as being objective documents: The good rating given the plant's health and safety conditions by the labor inspector; the favorable rating given the enterprise by the bank; the lack of cement leading to periodic production shutdowns..." the tone of the letter to GAZETA POZNANSKA indicates that Jozef Gonerka did not dream that an organ of the PZPR voivodship committee would not take the side of a party member in a dispute with a person who is "critical of reality."

Maciej Wolinski's rejoinder:

"Director Gonerka's subordinates expected well-organized work in return for proper pay and some reasonable prospects for the future. In their subjective assessment, this is exactly what was lacking in Stokbet. Therefore, they decided that was necessary to change bosses, which the law allows them to do."

Jerzy Baczynski concluded in POLITYKA:

"The Narozny case is not just his case, nor is it just a Stokbet case. It reflects the typical tension between a plant administration and its self-management. The solution to it should be precedent-setting, paving a rocky road for the workers' councils of many industrial plants in our country."

How looks the

Landscape Before the End of the Battle?

Most of the people who actively supported Narozny of their own free will have already left Stokbet. A third-term Workers' Council was elected. There is not even one holdover from the previous Council. The candidates were selected by the plant managers. The elections went on for a long time. Andrzej Matysiak, the young council chairman, is a man of few words and sure of himself:

--The workforce has long since forgotten about that matter. People want to have the goods with which to work. They want to earn more money and get a decent vacation. Nothing else concerns them.

Last year the enterprise's profit permitted a pay raise of 3,500 zlotys. The management is happy about this. The management does not conceal its satisfaction that the young council chairman with no prior prompting says what management is most happy to hear.

--The Narozny subject does not exist--director Czestochowski persuades us that the battle has been over for a long time. --There is calm, order and stability in the enterprise. That is the matter of the court. Our task is production.

What can be done if the matter has already taken on a life of its own. He is surprised when I ask why he was not able to extend his hand.

--After all, the court decided otherwise. They add:

--It has often been necessary to sacrifice an individual for the common good. We decided that when they both leave, the slate will be clean.

Gonerka was supposed to have said to Narozny:

--I lost, but we will both sink.

What will happen if the Supreme Court restores him his job?

--That will be a defeat for the party in the plant. The question remains open whether throwing out a person can be a success. But there can be only one answer:

--We cannot imagine that Narozny could come back.

--I am not stubborn, but I am placed in a difficult situation--Narozny describes himself.

After the unfavorable verdict in July 1986 he tried to get a job in Stokbet as a concrete-worker. He was refused. He then tried in Tonsil, Mikrom, Meramont and the "People's Spring" Disabled Persons Cooperative. Everywhere he was refused.

--Well, you see... they shrug their shoulders in the director's office.

--I am blacklisted--Narozny knods..... A blacklist is not made a matter of record in personnel. One only hears of blacklists.

They offered him a job in MOSTOSTAL in Slupsk, outside the voivodship. But he insisted that he wants to work in Wrzesnia.

They talk about their good will:

--After all, we employed his wife after her maternity leave.....

He admits that this is true..

--Yes, that is their argument. When they broke the law by firing the chairman of the Workers' Council, they could, after all, have refused to accept a mother returning from leave.

It appears that they are not able to understand the specific taste of this victory, which allows them to say: He does not like us, but this does not bother us. They wonder:

What Does He Want?

The Sejm believes that the strengthening of the position of enterprise directors should occur simultaneously with a growth in the position of the workers's self-management and a growth in the importance of the enterprise in the country's economic system--that is an excerpt from an 18 December 1986 resolution. Narozny wants to verify whether this is true just for Warsaw or for Wrzesnia also:

--In 1980 I was the first to yell. Now this was the height of civility. I have not changed my convictions and always act within the framework of constitutional freedoms. I regard my situation as the consequence of an attempt to treat the law on enterprise self-management seriously.

In his (or perhaps only in his) conviction, this experience is supposed to answer several questions. Has a former "Solidarity" activist, who has not repented and not renounced another outlook, the right to decide along with others? Is the workers' council operating within the framework of the director's praise or within the framework of the law? Can a mutually controlling agreement in an enterprise, intentionally legislated, be violated? Do facts count, or speeches?

The management wants peace above all. Peace meaning obedience. One hot line is supposed to link the enterprise with the minister.

Resolutions protesting the unlawful firing of engineer Narozny were passed by many workers' councils, including Unitra-Cema (on 19 November 1985 they won in the Supreme Court a precedent-setting case on the censoring of official council documents by management), the Cegielski Works, the Automobile Factory, WZT, TELETRA in Poznan and the Warski Shipyard in Szczecin. Many people are looking at Wrzesnia to see whether the truth of Narozny has a chance.



The halls in which the Narozny case is being settled are always full. Among the public, delegates from the workers' councils predominate. They are interested in not just the

Fate of One Chairman

of one council.

The Supreme Court, before issuing a verdict, asked the prosecutor general to take a position. This showed how deep the differences on this subject really are.

The representative of the prosecutor general expressed the opinion that the posting, by Narozny, of the statement did not constitute a serious violation of workers' duties because it did not cause a disruption of order on the plant premises. There was no interruption of work and workers did not assemble. Anyway, the day before he was fired, Narozny removed the statement from the bulletin board. Under these circumstances, the management's decision may be treated as retaliation for Narozny's activities in the Workers' Council. The Prosecutor General, in his proposal, postulated going outside the limits of the extraordinary appeal entered by the Minister of Labor, Wages and Social Affairs.

--I do not agree with the opinion that it is inadvisable to restore Bogdan Narozny's job to him, concluded prosecutor Alojzy Uszok.

On 24 February 1987 the Supreme Court overruled the verdict of the Voivodship Labor and Social Security Court in that part which pertained to a change in the verdict of the Regional Labor Court in Sroda Wielkopolska dated 26 May 1986 and dismissed the complaint on the adjudgment of damages to be paid by the enterprise to the complainant in the sum of 40,364 zlotys, and dismissed the appeal of the sued enterprise from the verdict of the Regional Court in Sroda Wielkopolska.

To put it more simply: The Supreme Court decided that Narozny will not return to work, but Stokbet will pay him 40,364 zlotys because the Court believed that although a violation of workers' duties did occur, it was not serious. Therefore, firing him was justified, but it should have occurred with 3-months' notice. Hence the damage award.

In justifying the verdict, judge Brzezinski expressed the opinion that the Workers' Council did not take advantage of the possibility of suspending the director's decision instructing that the statement be removed from the bulletin board. He said also that although it is true that the Supreme Court is not bound to the limits of the appeal, neither is it in the habit of going beyond them.

Narozny registered at the Employment Office in Wrzesnia where he was told that at the moment there is no suitable job available for him.

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## BRIEFS

SOVIET DIPLOMATS VISIT KRAKOW—Yesterday, Jozef Gajewicz, First Secretary of the PZPR Krakow Committee, received Anatolyi Plokhov, advisor on economic affairs to the Soviet ambassador in Poland, and Vladimir Krivousov, deputy advisor on economic affairs at the embassy, both of whom had arrived in Krakow. During the meeting information was given about the further development of forms of direct cooperation between Polish and Soviet firms and scientific-research centers in the two countries. The Krakow factories, which have already begun such cooperation, acquainted the visitors with the situation in their plants. Eugeniusz Pustowka, director in chief of the local committee (KM) at the Lenin Steel Mill, familiarized the Soviet guests with the everyday operations of the complex, its achievements, and its production figures, and he told them about one of the mill's most important problems, modernization, which will involve the cooperation of Soviet partners. [Text] [Krakow GAZETA KRAKOWSKA in Polish 13 Mar 87 pp 1, 2] 10790

PZPR S&T DELEGATION IN MOSCOW--Moscow (PAP)--A delegation from the PZPR Central Committee's Department of Science, Education and Scientific and Technical Progress led by its director Boguslaw Kedzia visited Moscow. The delegation talked with the CPSU Central Committee's Department of Science and Education, USSR State Committee for Science and Technology, the Council of Ministers' Commission on Foreign Economic Relations and the Ministry of Higher and Secondary Vocational Education. It also visited various scientific research institutes in Moscow. During these talks and meetings, the realization of the resolutions of the 27th CPSU Congress was discussed along with the course of reconstruction and progress achieved in the strategy of acceleration in meeting scientific and technical needs in working communities. The delegation was received by Deputy Politburo Member and CPSU Central Committee Secretary Aleksandr Yakovlev. [Text] [Warsaw TRYBUNA LUDU in Polish 21-22 Mar 87 p 8] 12261

PZPR HOSTS PUBLISHING COMMITTEE--On 20 March, the PZPR Central Committee Cultural Department met with the Executive Committee of the Publisher's Confederation represented by Rafal Lakowski, Eugeniusz Piliszek, Jerzy Lozinski, Jerzy Wysokinski, Rajmund Gadoski, Czeslaw Kulesza and Wladyslaw Polesinski. The meeting was devoted to the problems of publishers' realization of the tasks set by the Central Committee Politburo on 17 February of this year for publications policy and for increasing public readership. The meeting was chaired by the director of the PZPR Central Committee Department of Culture, Tadeusz Sawic. [Text] [Warsaw TRYBUNA LUDU in Polish 21-22 Mar 87 p 2] 12261

## BRIEFS

**NEW DEPUTY MINISTER**—The president of the Socialist Republic of Romania decrees that Comrade Constantin Popescu is relieved of his position as deputy minister of light industry and Comrade Steliana Istodorescu is appointed deputy minister of light industry. [Excerpts] [Bucharest BULETINUL OFICIAL in Romanian Part I No 20, 8 May 87 p 2] /9274

**AWARD FOR ANA ASLAN**—For her contribution to the development of Romanian medical science and for her long activity in the service of the health of mankind, on the occasion of her 90th birthday, the President of the Socialist Republic of Romania decrees that the order, 23 August, First Class, is conferred upon Academician Ana Aslan. [Excerpts] [Bucharest BULETINUL OFICIAL in Romanian Part I No 20, 8 May 87 p 1] /9274

**GOVERNMENTAL PERSONNEL CHANGES**—The President of the Socialist Republic of Romania decrees that Comrade Maria Groza is relieved of her position as deputy minister of foreign affairs and Comrade Olimpia Solomonescu is appointed deputy minister of foreign affairs. Comrade Ion Gheorghe is relieved of his position as vice chairman of the Committee for Problems of People's Councils and Comrade Petre Danica is appointed vice chairman of the Committee for Problems of People's Councils. [Excerpts] [Bucharest BULETINUL OFICIAL in Romanian Part I No 17, 29 Apr 87 p 8] /9274

CSO: 2700/216

## SOCIOLOGIST INTERVIEWED ON MARXISM, SLOVENE ISSUES

Zagreb DANAS in Serbo-Croatian 17 Mar 87 pp 23-25

[Interview with Dr Marko Kersevan, professor in the School of Philosophy (Department of Sociology) of Ljubljana University, by Nenad Ivankovic: "Which Marxism Is the Right One?"; date and place not given]

[Text] Dr Marko Kersevan, professor in the School of Philosophy (Department of Sociology) of Ljubljana University, is well known not only to the Slovenian public, but also the broader Yugoslav cultural public as the author of numerous articles and studies in the field of the sociology of religion, and as one of those people whose views have greatly contributed to a more modern and more scientific understanding of the ecclesiastical and the religious in our country, always, to be sure, interpreted from a Marxist viewpoint. Since certain fundamental discussions have recently been revived in our country concerning Marxism, and since there is always quite a bit of discussion of religion and the church, we put several questions to Professor Kersevan related to this topical discourse.

[Question] The discussion of one or more Marxisms, which recently became relevant again, is becoming fiercer and fiercer. From the politicians and ideologues to the philosophers and Marxist theoreticians, they all have something to say about this, but in what they refer to as "imposed" and "sterile" dilemma (of one or more Marxisms) some see an attempt at an extreme (negative) ideologization of both theory and practice in our country. How do you look upon this "dilemma"?

[Answer] I am not among the people who like "either-or" dilemmas, since I do not consider them fruitful. But if I have to choose, I would opt for a plurality of Marxisms. There are several reasons for this. If we accept the possibility of the existence of only one Marxism, then we would have to answer the question of which of the existing Marxisms is the right one? And that would quickly bring us to a situation which we are familiar with from the history of churches and religious faiths.

Of course, the fact that there exists a plurality of Marxisms leads in a way to the question of what is it, if we can put it this way, that entitles all those empirical Marxisms to assume that name, which is to say that the very



discourse about a plurality of Marxisms is accompanied by a reflection as to the essence or specific nature of Marxism itself?

I see the answer to the latter in a judgment as to whether Marxism is actually something new in history. Not only in its contributions to knowledge, its particular methods, and so on, but also with respect to the mode of its existence. That is, we constantly encounter a reduction of Marxism to something known: to one of the philosophical theories, to one of the complexes of social knowledge, to one of the political ideologies, to one of the world outlooks, and finally to one of the "churches" or faiths. At the same time from the standpoint of Marxism itself this kind of reduction is inappropriate, although it is a historical given.

So, that very circumstance implies that we have several Marxisms, not only in the sense of the Chinese, the Soviet, or the Eurocommunist Marxism, but also with respect to its mode of existence.

We can therefore say that Marxism as an official ideology, for instance, has fallen into crisis, while at the same time in other places it has been flourishing as a critical philosophy, or that it has great influence in the social sciences, and so on.

[Question] I have the impression that that reduction of Marxism to a particular ideology has at times been dominant in our country. As though the cat's color is more important than the fact that the cat catches mice. How do you see this ideological charge of society, especially in the context of the crisis and certain crucial outstanding issues concerning our future development?

[Answer] I think that it is clear from what I have already said that it is not possible to equate Marxism and an ideology, be it official or the ideology of the leading political forces, it makes no difference. Further, ideology, and this we have seen in our own case, is always more or less, if I can put it that way, than the entire body of Marxism as it has been historically articulated from Marx on down. For example, it is certain that Marxism is in some sense atheistic, that it has atheistic premises and consequences. But the Marxism which serves an ideology of society like ours, say, ought not to include those elements which are unacceptable to a sizable number of people, in this case to those who are religious. Assuming, of course, that every ideology of the leading social forces has the ambition to be an integrating force, that is, to offer those values and guidelines which at least in principle are acceptable to a majority or to the entire society. Atheism in the sense of a social ideology cannot have that integrative role wherever a large number of people are religious.

Of course, Marxism as a view of the world can and should also include those atheistic premises, if it wishes to be complete and coherent, but by no means should it serve the ideological function in that form. As an ideology it should be differently articulated; that is, even in our society the ideology cannot take everything from Marxism and incorporate it. In other words, this means that the ideology must be selective toward the entire body of Marxism. For example, certain views concerning the class struggle, which indubitably

constitute an integral part of Marxism, are not equally relevant at all times and under all conditions. There is less talk about that today, since we are preoccupied with other problems—with technological development, for instance. There is no question that the most urgent question in our country today is that of overall technological development, and the question of the social price to be paid is relatively secondary. Which is why questions that pertain to the social-class aspect are more and more being pushed to the margin either consciously or unconsciously. This does not mean that in some future period they will not surface once again, perhaps at some other level and in some different way. As far as what you call ideologization is concerned, it should be said, at least this is what I think, that social consequences have always been examined and evaluated through ideology, since ultimately it is a system of values, judgments, views, and indeed even visions.

It is a question, then, of which ideology we are talking about, of which values are emphasized in the ideology. When the need for accelerated technological development is discussed in our country, then that is a certain value, an ideology from whose viewpoint certain other ideological values and assessments are pushed to the margin or not included at all, and there are quite good reasons for this.

[Question] What, then, would be the present task of Marxism in our country, and does that task also imply its modernization?

[Answer] Perhaps this view of mine will surprise some people, but I think that it is not up to Marxism as such to provide answers to the questions which are the most urgent ones in our country at this moment. Both here and elsewhere Marxism has served the class struggle, which was aimed at taking political power and realizing a certain basic social justice, basic social achievements, since the socialist revolution has been victorious in impoverished and underdeveloped countries. For that reason, since those basic problems have been solved, and since Marxism became relevant precisely in the context of those tasks, it is difficult today for it to make a direct contribution to solving the burning issues and problems. I would say that Marxism has never had the ambition of providing the best answer to the question of the best way of producing, nor does it have the capabilities of offering such answers. But that does not mean that Marx's opus does not include much that ought to be made relevant even in a society which wants to undergo technological modernization and to "model itself" on certain other societies.

It therefore seems to me that a somewhat different reading of Marx will become more relevant: that is, the realization that Marxism is after all a body of thought which developed within the context of the most highly developed world at that time, of bourgeois society, and that it looked for the future first of all within that framework (not by going backward or taking an entirely different road); that is, that it accepted the achievements of the bourgeois world and only on that basis attempted to build something new. Marx's writings therefore are not confined to observations of capitalism and trends in that are always negative, but rather, for instance, they also contain the view that development of a man's needs are a condition for the development of capitalist society and for man's development. This appraisal has been somehow

neglected, more on empirical than on theoretical grounds, and this has occurred primarily under socialism which began to develop in underdeveloped social environments and which began to build on underdeveloped needs. That is in fact why socialism has fallen into crisis in those countries: when the elementary needs were satisfied, it turned out that there was a lack of stimuli, of social motors, not merely to satisfy the higher needs, but also to develop new ones. Marxism must undergo modernization in that context; that is, light must be shed on the fact that it evolved in advanced bourgeois societies and takes up where their achievements leave off. Moreover, Marxism must not claim to be totalitarian in the sense of finding answers in every case within itself and from itself to all possible questions by the logic that it is not important what kind of answers they are, it is important only that they be Marxist.

[Question] In some places, Slovenia, for example, the young people have articulated what are referred to as alternative movements which have a somewhat different ideological outlook than that we have become accustomed to. What in your opinion is the principal reason why these movements have sprung up?

[Answer] I will not say anything new by stating that these new movements, both in the world at large and also in our own country, are actually vigorous criticisms of both the form and the content of the political, ideological, and if you like also religious institutions we have had up to now. They are an expression of the fact that there are new needs, a need to satisfy certain old needs in a new way, but also new needs as well. In that sense these movements are nothing specific in our country, and we ought not to be particularly proud of them, nor be ashamed of them, and least of all should we suppress them at any cost.

[Question] How do you look on the demands of the peaceniks, especially in light of the criticism which has been made of them, and of their demands for doing military service in civilian life?

[Answer] I think that we ought not to accuse the peaceniks of wanting to weaken the country's defensive capability through their efforts. Peaceniks exist and are active in other countries, and at the same time it is presumably clear that it is in the interest of people in all countries to reduce the soldier-warrior fervor and potential of the contemporary world. If that is the case in other countries, then we must not frustrate the peaceniks in our own country insofar as they do not differ from the others in the scope of their activity. That is, if what our peaceniks do is also being done by the peaceniks in other countries, then this is not a reduction of our country's defensive capability vis-a-vis those countries which might threaten us (since the peaceniks there are doing the same thing).

There is one other important aspect here: Compulsory military service is certainly among the bourgeois democratic achievements and, like many others, it certainly is ambivalent in nature. Compulsory military service is certainly a step forward in the democratization of social life by comparison with the feudal position (some are to work, others to think and to pray, and still others to wage war), and I therefore think that the return to a



professional army (something of the kind might be found in some of the demands of the peaceniks) is actually headed in the direction of social regression.

But that does not mean that within military service we should not find, at least for the most extreme cases, a possibility of doing military service in some other way, rather than settling this in an uncivilized way, as has often been the case up to now. I would also say in passing that I am not in favor of doing military service in civilian life, that is, outside a military post, since our country has always been less civic-minded, less disciplined, and less organized than it might be, and this would very quickly turn into a system of privileges, of evading the military obligation, and that, of course, would benefit certain social strata, while those who actually have a real problem would still perhaps be denied.

[Question] Then there are also the religious activists that in a way come under this heading. What is their "alternative"?

[Answer] The principle is the same, to put it crudely, as for the other alternativists, with the sole difference that this pertains more explicitly to the religious field. The emergence of the religionists shows that the traditional churches and religions cannot cover that entire spiritual terrain, which in fact they have never fully been able to do.

Especially in the circumstances of a secularized society. When those old questions which institutional religions have provided answers to are still alive, and when those answers are no longer convincing in the new spiritual context, and when new questions are also arising to which the institutional religions are not providing answers, various spiritual groups and wrinkles occur, and what they have in common is a desire to distinguish themselves from the traditional religions and to reject any kind of institutionalized patronage.

Some of these movements, for example, have been very much oriented toward nature, although we cannot speak of a nature cult, in both form and content they have much in common with non-Christian religions and with what Christianity incorporated only in a marginal sense. At the same time certain religious concepts and beliefs that are utterly different from the Christian tradition have been emerging both in European and our own spiritual space. Thus a belief in life after death is springing up among young people, but not in the sense of the Christian life after death, but as a belief in reincarnation, as a belief in a possible new beginning, but in this world. So, an orientation which is religious, but outside the European tradition and based on criticism of this world and the possibilities which young people have and see in the sense of their opportunities for promotion in a particular society. At the same time the belief in reincarnation is also criticism of what has been essential in the traditional religions in this region--the conception of the other world, the world which is no longer in man's hands.

[Question] The Christmas greetings from Jozef Smole and Archbishop Sustar raised quite a bit of dust in the broad Yugoslav public. This even disturbed some people, and some even said that this was a breach of the Constitution. How do you look upon this?

[Answer] Perhaps it is in fact good that some dust was raised by this, since it is through these what I might call shock cases (at least that is how some perceive them) that things become clearer. I think that there is no breach of the Constitution involved here, nor of the founding principles of the Socialist Alliance, but that this signifies a normalization of the situation and relations, at least as far as Slovenia is concerned. As is well known, Slovenian society began its recent history as a highly clericalized society, and during the war this brought about many critical situations, and that is why after the liberation radical anticlericalism was dominant and hurt some purely religious interests. The occasion has now come for setting things straight. Christmas was a holiday for a time after the war in Slovenia, and then when relations with the church hierarchy became strained, Christmas also disappeared, and the bill was paid more by the religious than by the hierarchy. At the same time Christmas is not merely a Christian holiday, it is also included in certain other religious and nonreligious conceptions: for instance, the family, peace among men, birth, part of the Christian legacy and the legacy of civilization in general...so that in my opinion it has all the features of an event which ought to have public status. This still does not mean that I think it should be or should not be a day when people do not work, but its public status ought not to be questioned on that basis.

[Question] Doesn't this imply a certain "redefinition" of the official ideology toward religion?

[Answer] Professor Vrcan has done a very good study of the treatment of religion in the socialist countries. A negative valuation of religion is typical of the official ideology in those countries. Religious people are tolerated, to be sure, but not religion itself. At best its value is placed somewhere between a neutral and a negative social phenomenon. Another dominant position is that religion is the private matter of the individual. Yet experience shows that these two views are often in conflict. That is why I think that ideology in the socialist societies should reject the first view and preserve the second: that religious allegiance is a man's private affair. This means that the negative valuation of religion, even though reference is made to Marxism, ought not to be an integral part of the ideology in a society in which there are a large number of religious people.

As for the second principle, it is important that it be understood correctly. To say that religion is a man's private affair does not, of course, mean that religious sentiment is to be concealed, but that he may not be either disenfranchised or privileged in his rights and duties because of religion or a particular kind of religion or no religion. This principle of the privacy of religion and of religions, atheism and atheisms, also means that our overall public institutions and therefore our overall public life as well ought to be secularized, which means that the institutions must not serve either particular interests of religion or particular interests of atheism. At this point it is worth recalling Kardelj, who said that both religion and atheism are a private matter and that religious belief is something that should not only be tolerated, but even respected. Which in turn means that atheistic belief should also be respected. I say this because sometimes models from other countries (Western societies) are offered as an ideal, and



people forget that in those societies atheistic beliefs are by and large only tolerated, often ignored, and deprecated.

[Question] What in your opinion is the place of the church-religious factor in our country, how much does it influence and can it influence fundamental social developments, how much should it be "feared" in the form of clericalism, and how much in general should we be concerned with it?

[Answer] In Slovenia, as indeed throughout Yugoslavia, whether you like it or not religion has always been a politicum, as it is called, that is, a phenomenon with possible and even negative political consequences for the life of people in this region. It is logical, then, that we have been and should be sensitive to what happens in the religious field. In Slovenia we have ascertained even through sociological research that for the first time (since those times of Protestantism long ago) we are living in a pluralistic religious situation: approximately half of the population is religious, and the other half is either agnostic or atheistic. From all we know from our research, a comparison with other countries, and so on, there is no basis whatsoever for expecting or desiring that one or the other will become a minority in the future and will then experience the (well-known) fate of minorities. That situation also imposes certain obligations: to rid ourselves of intolerance, not to make a big fuss when we see that someone is different from us, to become accustomed to accept others with their own peculiarities.

It is important here that certain other types of divisions and ties among people on the principle of "each to his own" do not arise out of this recognition of difference over the question of religious belief. That would be very baneful and we should be wary of it. That is why we are all called upon without exception, in the interest of our life together, to articulate both our religion and our atheism in such a way as to aim at commonality over as many areas as is possible.

7045

CSO: 2800/194

## POLEDNIK VIEWS RESTRUCTURING OF ECONOMIC MECHANISM

Prague HORNÍK ENERGETIK in Czech No 5, 1987 pp 7-8

[Article by Vladimír Poledník, chairman of the PHE Central Trade Union Committee: "Economic Restructuring a Top Priority of Our Union"]

[Text] The 17th CPCZ Congress conducted a profound analysis of the evolution of our society and established a basic strategy for its future development. The Congress approved Main Objectives for the Socio-Economic Development of the CSSR, 1986-1990, and Projects Through the Year 2000. Tasks related to the development of the fuel and power and raw materials complexes are integral components of this program. Our union, its offices, and the basic organizations of the Revolutionary Trade Union Movement [ROH] will devote all of their activities to the fulfillment of these objectives.

The objective of our Fourth Congress is to evaluate the sophistication of union work in the various union branches based on the outcomes of the annual member meetings, as well as to set the main objectives for the Eighth 5-Year Plan based on requirements for the further development of our society.

Comrades, the strategy for the fuel and energy complex as established by the 16th CPCZ Congress has been fulfilled, by and large. The Seventh 5-Year Plan came to a successful close with the fulfillment of 1985 goals. The restructuring of the fuel and energy base towards the increased use of nuclear power continued, although at a lower than projected rate, and natural gas use increased as well. Construction of long-distance natural gas pipelines also continued, to support long-term increases in gas use.

The workers of our branch fulfilled their basic task and provided the requisite amounts of fuel, energy, and raw materials to meet the needs of the general public and the economy as a whole. But despite the positive direction of development we must also take a critical look at a number of shortcomings and problems which have prevented us from achieving still better results. Above all this involves continuing and excessive increases in materials costs, along with the inefficient use of capital assets. For instance, calculated costs for the production of

one megawatt hour of power increased during the Seventh 5-Year Plan from Kcs 194.81 to Kcs 251.53 by 1985. During the same period the calculated costs of mining 1 ton of coal increased from Kcs 319.89 to Kcs 524.55. A similar trend exists in the costs of brown coal mining, with the calculated cost per ton increasing from Kcs 109.43 to Kcs 166.69 in 1985. At the same time the materials costs of electricity generation increased by 30.6 percent during the Seventh 5-Year Plan, those of bituminous coal mining by 76.3 percent, and those of brown coal mining by 24.5 percent.

Construction projects at power generation facilities suffer from a high rate of non-completion, the large machines at open pit mines often do not meet their designed performance parameters (this is especially true of the K 10,000 and RK 5000 machines) and capital construction projects commonly run way over budgeted costs. What is especially galling is that the plan for public capital construction projects is also not fulfilled.

During the Seventh 5-Year Plan increasing labor requirements needed to overcome worsening geological conditions in the mines brought about declines in labor productivity and continual increases in overall production costs. These negative developmental trends remained in place at the start of the Eighth 5-Year Plan, meaning that all levels of management must search for ways to eliminate or moderate these influences.

This task will be all the more difficult because the Eighth 5-Year Plan calls for a pace of socioeconomic development that is faster than that of the Seventh 5-Year Plan, and for higher levels of resource formation, to be achieved through substantial improvements in the performance and efficiency of the national economy.

In our branch this means the mining during the Eighth 5-Year Plan of 606 million tons of coal, under progressively more difficult conditions. The Plan calls for the generation of 376,460 gigawatts of electricity, a 9.6 increase over the Seventh 5-Year Plan. By the final year of the Eighth 5-Year Plan the amount of electricity generated by nuclear power will double, to 25,000 gigawatt hours. By 1990, natural gas extraction will have increased by 55 percent over 1985 levels.

By 1990 the production of goods in both the ore and nonore mining sectors will have increased by more than Kcs 650 million. The tasks facing both branches of geology in accelerating and increasing the efficiency of prospecting and proving work will also become much more difficult.

Integrating aspects of intensification into all areas of activity must not only be stated as a goal, but fully implemented in practice. This involves not only managerial and technico-managerial employees, but also all work collectives. Our experience would suggest that when an assertive posture is adopted to the resolution of problems the track record in finding solutions is also favorable.

We have established a firm base of work collectives, with 12,036 socialist work teams as their vanguard. Qualitatively new forms of

initiative are helping us to meet economic objectives and the needs of the national economy. An example is the initiative of the senior socialist work team at the Socialist Youth League Mines where, in honor of the 17th CPCZ Congress, the team executed 17 consecutive 10-day periods of top quality, efficient and safe work. From the Ostrava Coal Basin alone 517 production collectives responded to this challenge.

In honor of the 17th CPCZ Congress and the upcoming 11th All-Union Congress thousands of work collectives and individuals are taking on substantial short- and long-range socialist obligations. Particular recognition is due the attitude to Eighth 5-Year Plan task fulfillment displayed by teams from the Ore Mines and Magnesite Plants [RBNZ] VILJ under the leadership of Frantisek Karlovsky, hero of socialist labor, Frantisek Puhalla, and others. The best collectives of the uranium industry are also participating successfully in the movement to achieve record outputs.

Model workers clubs are playing an important role in meeting and over-fulfilling the most important tasks. It has already become a tradition at their annual conferences to acquaint them with specific results in the meeting of economic targets. The practical implementation of information gained through experience exchanges, the results of activities of professional sections, and increasing numbers of improvement suggestions are all factors working in favor of this form of worker initiative. Under no circumstances, however, should these clubs cover up for poor quality work by others, as sometimes happens. This was the case, for instance, in diagnosing and repairing structural and technical shortcomings in large mining equipment installed at the North Bohemian Brown Coal Mines. Our objective is to continue to support the clubs, give them the opportunity to exchange experiences, and to facilitate the establishment of clubs in other sectors as well. Working groups made up of representatives of these clubs have unanimously confirmed that model workers clubs that focus their activities in the proper areas can help to improve labor productivity and production efficiency.

A challenge issued by 16 of the leading socialist work teams from the North Bohemian Brown Coal Region is worth special attention. This challenge became the basis of an initiative by the Central Council of Trade Unions to reduce materials costs, improve labor productivity, and improve the quality of all production. These initiatives were conceived of by collectives led by heroes of socialist labor Otakar Vesely, Frantisek Greif, Radislav Benda, Jiri Schut, and others. From the beginning this Central Council of Trade Unions announcement has been well received by our union members.

Comrades, the broad development of worker initiatives during work on the objectives of the first year of the Eighth 5-Year Plan has allowed us to meet 1986 plan targets despite encountering numerous problems. The plan for coal extraction was fulfilled at a 103.1 percent level (3,759,000 tons above the plan target). The plan for electric power generation was fulfilled at a 101.1 percent level, with an additional 841 gigawatt hours of electric power having been generated. The fuel oil and gas industry,



as well as employees of the Czechoslovak Uranium Industry, the RBMZ, and both sectors of geology, all met and exceeded their planned targets. Our high level of preparedness for the 1986-1987 winter is indicated by the fact that there were no significant fluctuations in supplies of fuel and power to the general public and the economy as a whole during the winter.

Allow me, in the name of the Central Trade Union Council, to thank all employees of the collective, managers and functionaries for their dedicated work and commitment to the fulfillment of the resolutions of the 17th CPCZ Congress.

In spite of the positive results we must direct our efforts at dealing with a number of problems, especially those that were the objects of criticism at the national congress of socialist work teams from our sector that was held in October of last year.

What the problems boil down to is that worker initiatives in many instances simply make up for shortcomings in the planning, organization, and management of production. Socialist work teams justifiably criticize the fact that while they are setting output records, exceeding work standards, and reducing production costs, they still frequently end up catching up with plan targets on Saturdays and Sundays, working overtime, and still see materials costs targets being exceeded.

Socialist competition frequently lacks the element of competition. This occurs because socialist obligations are frequently adopted at the enterprise or factory level, meaning that work collectives often do not know to what their representatives have obligated them. To resolve these problems while developing worker initiatives it will be necessary to focus attention within the union, from the central committee down through the basic organizations, on obtaining sufficient lead time to discuss specific plan tasks at the level of work collectives. This will create the conditions for discovering opportunities, adopting counter plans and realistic socialist obligations.

Collective contracts are an essential legal form of employee participation in assuring the economic and social development of organizations, as well as an important instrument for protecting their just interests. We can state that there has been an improvement in both the form and the content of collective contracts. On the other hand, many organizations persist in the practices of previous years, when collective contracts were frequently drawn up just prior to consultations, and were only then discussed with employees. Lack of clarity in the plan and breaking it down at a late date, thereby making it unavailable to factories when they were negotiating factory collective contracts, may be considered one of the main negative factors affecting the drafting, formulation, and discussion of collective contracts.

This was the case, for instance, at the Prague Czechoslovak Power Plants concern, where the drafts of divisional collective contracts were not



discussed with factory employees. The divisional ROH committee, therefore, returned the draft of the collective contract to the management of the firm, so it could acquaint the employees with its contents in advance.

Production conferences are a proven form of employee participation in the management, development, and control of production that is under the jurisdiction of our union. One way of stating this is that production conferences offer the opportunity for creative cooperation between workers and technicians in the assurance of national interests, as expressed in the state plan for economic development. They also serve as a forum for exchanging views on the choice of the best forms, techniques, and paths for task completion, for establishing joint strategies at the workplace, and for transmitting information within the management system in a downward direction and employee experiences upward through management. It should be obvious that senior management and their union counterparts should participate in these conferences. In addition to discussing the production assignments of work collectives, production conferences should be used as a forum for the discussion of issues related to the maintenance of technical discipline, work discipline, and compliance with safe work standards within the collective.

Comrades, one of the main factors affecting the implementation of the demanding tasks of the Eighth 5-Year Plan is the practical application of the results of R&D. The basic ROH organizations within R&D organizations must work much harder to develop initiatives of the most creative employees related to important technical, technological, economic, and organizational questions. The objective is to improve the overall efficiency of production, industrial hygiene, and work safety. Currently 2,747 people are employed in this field in the fuel and power generation sector alone. This is not a small number.

All of our basic ROH organizations, in close cooperation with senior management, should increase their efforts to incorporate R&D findings into production. Under the so-called Prague challenge some 49 firms and factories are participating in this initiative, which is too few. It is essential that our engineering, design, construction, and R&D organizations also become involved in this program. Part of these efforts will also be an ecology program in our sectors, which in the Eighth 5-Year Plan will receive several billion korunas of investment capital.

Much can be accomplished, however, without large capital outlays, mainly by further expanding on the "Unionists for their plants and republic" initiative, which should result in an improved work environment and better appearance of our housing developments, villages, and cities.

With regard to the inventors and improvers movement [VZH] we have successfully fulfilled the goal that we established at the Third Congress. The "VZH" program has been completed, which yielded net public revenues during the Seventh 5-Year Plan of Kcs 4.477 billion. This represents excess target fulfillment in the amount of Kcs 110.7 million.

However, we have yet to utilize fully implementation workshops. The idea of implementation workshops is not new. We have similar implementation problems for thematic tasks that have already been completed. Only about 50 percent of all announced thematic tasks are ever actually implemented. Only a modest number of such tasks are related to improving the environment, safety and maintenance of health on the job. These are areas that should be of particular interest to us, trade unionists.

Likewise, the activities of efficiency-enhancement teams should be directed at resolving thematic tasks related to the environment and working conditions.

Recently other nontraditional forms and structures have been developed to improve the links between R&D and production in our sectors. One example are "Research production and implementation teams", of which 38 now exist. Union offices will offer full support to these new organizational forms.

International socialist competition is the most common form of international cooperation among working socialist work teams, factories, enterprises, and the CEMA countries. A common program is a so-called "machine to machine exchange", which is a tradition in the Ostrava region and has been well developed at the Brown Coal Mines and Briquette Works. There is not a single VHI in our sector that does not have a partner in international competition.

Comrades, one of the basic ways to offer incentives to work collectives and individuals to improve labor productivity and production efficiency is to have an appropriate wages policy. Phase Two of the Increase in Wage System Efficiency [ZEUMS] program is designed to improve the role of merit and justice in compensation and to facilitate overall improvements in the wage system. At present some 80 percent of all firms in the fuel and power generation sector have instituted this program, while all the constituent organizations of the Mines for Nonferrous Metal Ores and Magnesite Plants have adopted the program, and 60 percent of all organizations in the geology sector have done so. This means that some 250,000 employees are currently working under these principles. Experiences to date have shown that the approach to implementing Phase Two and the participation by specific union offices has differed widely. In numerous organizations the importance of personal conferences with each employee regarding the provisions of Phase Two has been overlooked. Increasing the pay scale by 15-18 percent for blue collar workers and technico-managerial employees along with increases in the variable component of wages cannot all be financed from internal enterprise resources. It is therefore essential that union offices at all levels of management commit themselves fully to implementing merit based wage systems, effective organizational structures, and the outplacement of employees.

We are fully aware of the fact that developing creative abilities depends on the application and long range integration of abilities of work

collectives to the fulfillment of tasks related to national and social growth. In our opinion the best path to the full implementation of the collective concept lies in the further refinement of the team form of work organization and compensation. This will in turn facilitate a balanced linking of personal, collective and social interests, while adhering to the principle that "Everyone is master of his own workplace." Comrades, at the Fourth CPCZ Central Committee Plenum among other things it was stated that the demanding tasks of the Eighth 5-Year Plan also demand an active...[text ends]

9276/9190

CSO: 2400/201

## BRIEFS

**FARM MACHINERY TECHNICIANS SOUGHT--**The GDR's agriculture suffers from a lack of specialized personnel for its extensive inventory of farm machinery, despite increased efforts in further training the current workforce. The East Berlin (economic) journal, WIRTSCHAFTSWISSENSCHAFT, confirms that this insufficient access to skilled workers has become a factor in limiting the use of mobile agricultural machinery. Calculations established that both the efficient utilization of the agricultural machinery and the crop yield are dependent upon the available workforce. Therefore, in the future, the capacity for exchanging labor forces between the various agricultural enterprises must be exploited to the fullest extent, above all, during the harvest seasons. But, moreover, according to the journal, regarding application of this farm machinery there are deficiencies. In particular, the operating procedures need to be thoroughly laid out in advance along technological lines. [Text] [Bonn IWE WIRTSCHAFTSDIENST in German Vol 28 No 17, 30 Apr 87 p 4] /9274

CSO: 2300/284



## SIX MODERN U.S. HELICOPTERS PURCHASED FOR AGRICULTURAL USE

Budapest NEPSZAVA in Hungarian 27 Feb 87 p 4

[Article: "New Machines in the Air to Protect Our Crops"]

[Text] Press briefing in Budaors; the old types became obsolete; the new helicopters are very energy efficient.

A special press briefing was held by the Air-borne Service of the Ministry of Agriculture and Food Industry: the reporters were given a demonstration, in action, of the fixed-wing planes, helicopters and the six new U.S. model MD 500 helicopters purchased in January, all ready to be deployed.

Laszlo Farkas, director general of the Air-borne Service of the Ministry of Agriculture and Food Industry related that the activity of air-borne machines is by now indispensable for the large agricultural enterprises. In our country, the first air-borne attempts began in the summer of 1953 when the model PO-2 plane of Aeroflot was used to protect against potato pests. Based on the favorable experiences, large scale agricultural aviation in Hungary was started in 1954 with Soviet professional and technical help. Already during that year, 3,000 hectares were involved in aerial spraying with chemicals.

Independent Hungarian agricultural aviation was born only later, in February 1959, with the establishment of the Air-borne Plant Protection Station. The role of aerial cultivation had long been debated but its advantages are obvious by now. Spraying and chemical fertilization can be accomplished over large areas in a short time, the machines can be relocated rapidly, there are no losses from trampling and few people are needed to provide the service.

The composition of our agricultural air fleet has undergone steady modernization over the past years: after the models PO-2, L-60, PZL-101 and Z-37, there are about 200 aircraft of models AN-2, M-18, KA-26 and MD 500 E available now. Unfortunately, increased demand was not always followed by development at an adequate rate and, therefore, the available machine park is not sufficient to accomplish protective work at the optimal time should unusual climatic or soil conditions lead to a nationwide epidemic from pests or pathogens. Therefore, it became necessary to start replacing the helicopter pool.

Because the manufacture of the (Soviet) model KS-126 helicopter was not started, the Hungarian authorities decided to buy the model MD 500 E which has favorable technical parameters. There is every reason to hope that the model chosen--which stands out from among the others mainly because of its good maneuverability and low energy consumption--will become an equivalent replacement of the well-proven machines used until now.

2473

CSO: 2500/272

## FLEXIBLE NEW LIFE INSURANCE INTRODUCED

Budapest NEPSZAVA in Hungarian 26 February 87 p 5

[Article: "Life Insurance Becomes Flexible"]

[Text] Genuine competition; no age limits; seven percent interest.

Competition among insurance firms is quite young in the history of our recent past. Although the competition does not, as yet, have a perfected practice that would validate the expectations, nevertheless, the first achievements, methods and initiatives indicate that the particular competition might become a reality--first of all and mainly--in the interest of the clients.

In the International Trade Center in Budapest, a press conference was held on Wednesday by Andrea Deak, director-general of the State Insurance, on the work done by the firm up until now and on this year's novelties.

In her talk she pointed out that the firm, which was reorganized last July, handles nearly 8 million insurance contracts for the population, of which more than 3 million are home insurance, 4 million CSEB [expansion unknown], half a million life insurance and 45,000 Casco [expansion unknown--a car insurance] policies. The clients are served countrywide at nearly 250 locations.

A new form of insurance was developed, named "Eletut" [Walk of Life], with the prominent feature that its premium, and thereby the amount of benefit, can be changed any time to adjust to changes in the circumstances of the client. That is, it can be increased or decreased regularly. Namely, the insurance will retain its legal continuity even while the needs and possibilities of the client are changing. There is no need to cancel the old contract and make a new one as was the case until now.

It is also new that the firm pays seven percent interest on paid life insurance premiums. In addition, the client's money is invested in some enterprise and part of the additional profit earned is returned to the insured parties. The "Walk of Life Insurance" is offered without age restrictions and for any desired amount. Anyone may have several life insurance policies at the same time and it is also possible to credit premiums already paid on an older life insurance to the new, modified form.

Andrea Deak revealed that considerably more than the expected number of people took out Casco insurance from the institution. To better serve the car-owning clients, on-site damage inspection and payments are expanded; moreover, additional benefits are also offered. The establishment of a new service network is being organized, supported also financially. For instance, car wipers are modified in such a way that the windshield should be cleaner during rain. Based on a Finnish discovery, the work is being performed since April 15 at nearly a dozen places in the country and those having AB-Casco insurance will get a 50 percent cost benefit on the work.

The elaboration and introduction of these novel features proves that the two domestic insurance enterprises are seeking constructive methods for winning over the clients.

2473

CSO: 2500/272



## PROPOSALS FOR TRANSITION TO REFORMED POST-COMMAND ECONOMY

Warsaw WIES WSPOLCZESNA in Polish Jan 87 pp 17-27

[Article by Mieczyslaw Rakowski: "On a Rational Role of the State in Poland's Economy in the 1990's" under the rubric "Articles and Studies"]

[Text] Genesis and History of the Problem

Nineteenth-century capitalism was based on market competition among a large number of independent enterprises on the national and international scale, with limited intervention of the state in economic affairs. Developing productive forces, contemporary capitalism had led to a rapid concentration of means of production and the proletarianization of an increasingly larger segment of the population, accumulating major economic and social contradictions.

The labor of the working class was remunerated with low wages as a commodity of little value that could be easily replaced with the available surplus manpower, especially in periods of crises of relative overproduction due to absence of control over the whole of the process of reproduction and the low purchasing power of broad masses of the population. A chasm had existed between the incomes and living conditions of the big bourgeoisie and the working class, and the welfare of workers was practically in no way protected.

The founders of scientific socialism discovered the contradictions of capitalism linked to the exploitation of the working class and an unplanned manner of production subordinated to maximizing the profits of discrete capitalists rather than to the needs of the society. They armed the working class, interested in overthrowing this system, with a socialist ideology aimed at creating a classless society in which (according to the initial assumptions) economic growth was to be guided in accordance with the will of the society by means of a national economic plan and in the absence of the marketplace, and the division of income was to be independent of capital ownership and of the price of the commodity represented by manpower; it was to depend only on the quantity and quality of labor input, with allowance for rational needs of the society as a whole.

At the turn of the century free-competition capitalism turned into monopoly and imperialist capitalism. To accomplish its strivings toward the conquest of markets and colonies, big capital increasingly committed the military power of

the state, which resulted in markedly augmenting the state's role in the economy and hence also in magnifying the contradictions among the imperialist countries, and prompting the outbreak of World War I and the victory of the socialist revolution in Russia. The newly arisen Soviet Union was a country with a relatively weak industry, a numerically small working class, and a backward agriculture and numerically very large peasantry. To turn it into an economically strong state and one capable of military opposition to hostile capitalist countries, Soviet leaders decided in favor of maximum growth of accumulation, chiefly at the expense of agriculture, and of extending planning-by-directives to the entire economy within the framework of an extremely centralized system of management, practically negating the role of the market and serving the cause of a rapid conversion of nearly all resources to the development of heavy industry.

Despite a number of failures in agriculture and the limited growth of living standards, this type of planning and management of the economy enabled the Soviet Union to strengthen itself economically on a huge scale before World War II, especially as regards defense, and with the support at that of a majority of the society, which had during that period undergone considerable social and and cultural advancement. This in turn enabled the Soviet Union to smash, chiefly with its own forces, the mighty war machinery of Hitlerite fascism. The defeat of Hitlerite Germany hugely magnified the authority of overall economic planning in its sole then known form -- that of the centralized Soviet command economy, the more so considering that during the interwar period the economies of the capitalist countries had been developing slowly and experienced their deepest economic crisis, with a large part of these countries entering upon the road of fascism, which had compromised the ruling classes. That also accounted for the consolidation of the economic and political power of the groups directing that extremely centralized economic system, as well as for its fossilization in a form that had remained relatively unaltered to this day in the Soviet Union and also in the socialist countries arisen after the war.

On their part, the capitalist countries after the war, with the object of preserving their tottering system, were compelled to respond differently than before the war to the needs for growth in living standards and the provision of social services to the working class and to the laboring people in general, allocating for this purpose a substantial part of national income, largely via the state budgets. They thus also were compelled to engage on a large scale in government intervention to stimulate economic growth and alleviate crises. As a result, as well as owing to the substantial growth of the world market, modern capitalism has freed itself from its prewar quagmire and attained a considerable growth in national income; it moreover is successfully making rapid technological advances and undergoing deep structural changes relating to the science and technology revolution, while at the same time displaying great innovativeness.

Feeling more confident at present, the ruling circles of many capitalist countries are attempting to curtail the social functions of the state and maintaining permanent unemployment as a means of pressuring the laboring masses and restricting their aspirations, while at the same time preserving the substantial role of the state in guiding the market economy in a manner

assuring the domination of incomes from capital and maintaining considerable social differentiation, and also retaining and even augmenting the role of the state in implementing armaments programs and developing modern domains of production.

As for the socialist countries, their economies had been developing fairly rapidly during the first 20 postwar years under their centralized systems of management, on utilizing for this purpose substantial material and human resources as well as increasingly better-trained cadres. Under these centralized systems the manufacture of traditional products, chiefly means of production, was greatly expanded, but this was done on using by then largely obsolete equipment and technologies (except in the more modern defense industry).

The rapid growth of the economy, which also made possible an increase in living standards, chiefly for migrants from the countryside, obscured the growing negative aspects of the command-economy system, relating to the absence of public participation in the determination of development goals, the lack of a self-regulating market, resulting in constant shortages of means of production and consumer goods, and above all the low innovativeness of the economy in a situation in which innovativeness has become the decisive factor in development during the era of the science and technology revolution.

Gradually, these negative aspects began to increasingly make themselves felt, leading to an economy of the extensive and relatively stagnant type as compared with the dynamism, especially the innovative dynamism, of the developed capitalist countries. This manifested itself especially in the sluggish growth rate of living standards and the relatively backward structure of the economy.

These growing negative aspects underlay the series of political shocks in the socialist countries, and especially in Poland, and the implementation of various limited reforms partially assuaging defects in the system. But each time these reforms proved insufficient and, moreover, they were abandoned under the pressure of the dominant conservative forces interested in preserving the command-economy system, serving as the foundation of their power. These forces, which still predominate, emphasize despite the implementation of partial reforms, in Poland also, the need to preserve the supreme and decisive role of the state in determining in an authoritative manner the objectives of economic management and ways of accomplishing them -- ways that in principle represent a somewhat altered form of command-economy methods.

Against this background and in view of the continuing low efficiency of the system, its critics claim that the only solution lies in restoring a market-type economy and minimizing the role of the state.

Yet it is readily seen that in the developed capitalist countries the economic role of the state at present is also tremendous. This is all the more reason why minimizing the role of the state in the socialist economy should not be the issue. Rather, a thorough rationalizing of that role is needed so that,

instead of acting like a brake on social and economic development the way it does now, it would turn into a force accelerating that development.

That role must differ considerably from the role played by the state in the present system of economic management which basically still is that of a command economy, but it also must be completely different from its counterpart in the capitalist economy, because the objectives of economic management are systemically conditioned and different in the socialist economy, and hence also the objectives and methods of action of the state must be different.

#### Objectives of the State in the Socialist Economy

The objectives of the state in the socialist economy are as follows:

- a coordinating role in planning and intermeshing overall development, so that the economic resources allocated for current and development needs would be rationally utilized;
- assuring the domination of incomes derived from socially effective labor over incomes from ownership of capital;
- effective safeguarding of the right to work for everyone;
- reducing income differences to limits accepted by a majority of the society and conducive to its integration;
- developing the social infrastructure to an extent minimizing differences in advancement opportunities of different population groups and promoting their occupational and social mobility;
- providing the population as a whole with a social security shield at a level acknowledged as rational and accepted by a majority of the society;
- assuaging conflicts of interest among various population groups and mediating in conflict situations;
- combatting economic crime which violates the legal norms ensuing from the implementation of the above principles.

It is obvious that these objectives of the state differ from those in the capitalist economy, which are oriented toward protecting the domination of incomes from capital and subordinate all other tasks to this paramount objective.

On the other hand, the entire development so far of the command-economy system and of its reformed mutations has shown that the omnipotence of the state attempting to accomplish these objectives in an autocratic manner, in the absence of autonomous activity of enterprises and other economic organizations, in the absence of a market serving as a criterion of their effectiveness, and in the absence of the stimuli which the market provides for a dynamic innovativeness, leads to stagnation and degeneration of the system.



The reality has proved to be more complicated than had been imagined. Thus the problem is to achieve the aforementioned objectives by means of autonomous economic organization and a [free] market, upon suitably guiding and influencing them.

#### Influence of the State on Forms of Ownership and Organization

The abovementioned social objectives, as reflected in democratically approved state plans for socioeconomic development, as well as in longrange development programs, can and should be accomplished by economic organizations under various forms of ownership, for which the main criterion of existence, growth, and decline, should be the relative efficiency of their management as verified in the marketplace.

The core of a modern economy throughout the world is large enterprises. However, the domination of state ownership of such enterprises in this country results in that they do not pass the test of high effectiveness and continue (despite the formal assumptions of the "3S" [self-financing, self-government, self-autonomy] reform) to operate under a more or less veiled and modified form of the command-economy system, which suppresses their resourcefulness and generates a wasteful management of resources and a low effectiveness and innovativeness that engender continual tendencies toward monopolizing the economy. The results of the 5 years of operation of the economic reform justify this conclusion. Hence also it seems that the most appropriate organizational form for a majority of large enterprises should be not state ownership but ownership by the self-governing workforce group, with division of income according to labor input, rallying the employees round autonomously determined purposes of the enterprise, which is to be wholly responsible for its own performance. Contrary to the widespread views that this would give birth to anarchy with highly negative social consequences, I believe that the influence of a modern, democratic state disposing of a tremendous part of the national income, having a great share in the financial system, and affecting the economy by means of laws, on streamlining the performance of such large but not monopolistic and not state-owned enterprises would be much more effective than at present (the forms of that influence will be discussed below).

The enterprises still to be directly operated by the state should be large enterprises belonging to the technical infrastructure and certain key enterprises whose performance is vital to the normal functioning of the economy and the society.

Both the heterogeneity of the needs in nearly every domain of production and in the increasingly broader domain of services and the considerable divisibility and broad availability of many modern production, transportation, information, and computer-technology facilities afford broad possibilities for efficient production to a tremendous number of small cooperative, private (especially in agriculture and the crafts), and petty-capitalist enterprises. Their great advantage is their direct interest in maximally utilizing their own initiative and resourcefulness as well as their full responsibility for their own performance, including readiness to bear the attendant risks. This applies both to their operation as suppliers of products, services, and

innovative ideas to large enterprises and as independent operators on the market.

All the forms of ownership mentioned above can be, given a proper policy of guidance by the state (including chiefly credit and tax policy) subordinated to the aforementioned objectives of the socialist society, except that a size limit should be legally established for petty-capitalist ownership. In the event that limit is exceeded, the enterprise would be converted to cooperative or worker self-government ownership, upon paying compensation.

The current era of the science and technology revolution requires a rapid establishment of new enterprises and new and more efficient organizational structures, as well as the shutdown of many inefficient enterprises. The state should itself initiate (especially in new domains of development) the formation of new structures and promote grassroots initiative in forming new and converting existing organizational structures, chiefly through the mediation of commercial banks, and it should alleviate the social consequences of the closing of inefficient enterprises.

#### Influence of the State on the Operation of the Market and the Law of Value

The law of value means not only prices based on the interplay between supply and demand but also the law of the movement of prices ensuing from the expenditures of labor and fixed capital socially necessary to the manufacturing of products. However, the belief that prices could be determined administratively on this principle has proved to be a harmful illusion, especially in the era of sudden changes in quality and the rise of new products and technologies. The rapid technical and economic progress requires the verification of the necessary outlays of labor and capital by the market, and that progress itself has to be pursued by means of competition and risk-taking by producers and other economic organizations.

A rational guidance of the operation of the law of value in its market form by the state does not mean that the market should be merely tolerated as a deplorable necessity that is marginal to economic life, but that the state should play an active role in maximizing the positive aspects of its operation, practically throughout the economy, and in minimizing its negative aspects.

Maximizing the positive aspects should consist in eliminating the current monopolization of the economy and providing assistance to the formation of many new enterprises, especially those of the innovative kind, and, as a result, in creating the right conditions for the growth of broad nationwide competition, promotion of foreign competition, assurance of the freedom of price-formation with the object of promoting the interplay of supply and demand and the attainment of a market equilibrium, creation of buyer's and consumer's market, and, through competition and a free interplay of prices, acceleration of progress and the rise of conditions for a gradual reduction in the real prices of the products manufactured so far as well as the creation and rapid development of qualitatively new products and domains.

A developed competition, resulting in the elimination of various anomalies in the structure of prices, will provide the conditions for self-financing of current and development needs at an overwhelming majority of enterprises.

Minimizing the negative aspects of the market should consist in curtailing the magnitude and duration of extraordinary profits due to the introduction of innovations, not only and not so much by means of higher taxation but chiefly by granting aid to competing companies in entering a given market. It should also consist in curtailing profits by means of various kinds of appropriate taxes on wealth, land, and premises, and also in the provision of credit assistance by commercial banks to the weaker enterprises so that they would not be unnecessarily ruined.

An important factor should be state-held reserves for counteracting internal speculation and external perils.

Of major assistance to counteracting crises due to overproduction or shortages in various domains should be the provision of government reports to enterprises and the society on the general state and forecasts of the entire economy and its individual branches, as well as on the government's own intentions, and also on changes in general financial instruments and credit policies.

The state should be a normal participant in the market, both as a producer and as a customer placing orders for its needs, on availing itself of its right to priorities only in exceptional cases.

#### Streamlining of External Factors in Relation to Enterprises

As known, so-called external factors, i.e., those not ensuing directly from the cost-effectiveness accounting of enterprises, may be both positive and negative. As regards the positive external factors, the state and its local agencies, which should operate with a considerable scope of autonomy as regards their resources and field of action, should also play a leading role in financing the development and guiding and coordinating the operations of facilities of the social infrastructure as well as, to a large extent, of the technical infrastructure and the geographical pattern of their siting.

Wherever particular groups of enterprises are interested in resolving problems of the technical infrastructure, this should be done on the basis of their mutual agreement and at their expense, with the state acting as the organizer.

With respect to the social infrastructure, too, the state should not be the sole sponsor. It would be desirable, e.g., to establish non-state-owned clinics, schools, or theatres funded by the users themselves, chiefly from among the wealthier segments of the population, which would be, on the one hand, a factor promoting freedom of choice and, on the other, a source of a healthy pressure in favor of improving the quality of services in the facilities sponsored by the state.

An important issue is the additional funding of many basic time-saving services augmenting the leisure-time resources of the population, which would

enhance the demand for these services among the numerically predominant segments of the less wealthy population, improve the quality of life, and reduce the extent of social differentiation.

As for the principal sources of the negative external factors, these consist in improper quality of products, which could cause damage to users or imperil their safety, mismanagement of natural resources and land, and environmental pollution, which harm the economy and public health and erect steep barriers to development.

Administrative intervention by the state in the form of prohibitions and lump-sum penalties for, e.g., poor quality is necessary and important but not decisive. The principal form of the state's influence on improvements in the quality of products and services should be assistance in the rise of a competitive buyer's market and, in the other domains mentioned above, proper taxation prompting enterprises and outfits to operate in accordance with the macroeconomic and social interest.

Thus, suitably high fees for environmental damage should prompt enterprises to take necessary preventive measures on a rational scale from the macroeconomic point of view and to contribute to appropriate related central funds, while the land and mining rents collected by the state should prompt agricultural and mining enterprises to utilize land and mineral resources more efficiently, and they also should promote a rational distribution of incomes among enterprises and farms operating under diverse conditions.

#### Incomes and Expenditures of the State Budget

A substantial part of national income should undergo redistribution through the budget — both the central budget and local budgets — of the socialist state. In addition to the normal outlays on administration and defense, the following factors play an important role in these expenditures:

- meeting the needs of a broadly developed social infrastructure assuring social security for the entire population (in addition to the related expenditures defrayed from personal incomes);

- providing broadly conceived assistance in the vocational rehabilitation of employees owing to increasingly rapid technological progress;

- developing the technological and scientific infrastructure, with its substantial positive external influence on the cost-effective performance of enterprises;

- providing rational assistance to enterprises experiencing temporary difficulties;

- forming state contingency funds, mobilized to counteract various kinds of economic perturbations and speculative moves.

In particular, emphasis should be placed on the state's guiding role in funding a deep restructuring with the object of an accelerated development of



modern subsectors, and in co-organizing the research resources needed for this purpose -- resources which generally exceed the possibilities of enterprises, with the enterprises moreover, owing to the direct ["bottom-line"] operation of the market, being insufficiently interested in or insufficiently cognizant of the importance of this factor. The great importance of this activity in the socialist countries over a historically long period of time derives moreover from the fact that, owing to the prolonged operation of the relatively inefficient command-economy system and the tremendous pressure exerted by representatives of strong subsectors whose role is objectively diminishing [i.e., by the smokestack industry lobby] but which strive to perpetuate their position in the economy, it is difficult for modern subsectors to come to the fore on their own.

But the fundamental prerequisite for a rational influence by the state, especially as regards restructuring, is that it be exercised indirectly rather than administratively, through the mediation of the credit system of commercial banks which makes it possible for the market to verify both positive and negative -- through bankruptcy -- effectiveness of the measures taken in this field.

In their turn, subsidies for enterprises in the traditional domains of production that are normally implanted in the market mechanism should play a diminishing or more properly disappearing role in the state's expenditures. The subsidy system, which is at present employed on a vast scale, and which at the same time blocks streamlining the entire price system, is the principal source of the continuing practical domination of the command-economy system despite the latter's formal elimination.

The prices of products and services in the traditional subsectors should, in the presence of a competitive market, suffice for a tremendous majority of enterprises to meet their operating and development needs out of their own funds, without a subsidy. Given a normal and efficient development of the economy assuring a consistent growth in consumption and a rational and socially accepted distribution of incomes, there will be no need either for the extensive use of subsidies for so-called staple products or housing, and neither will there be any need for levying huge turnover taxes on so-called luxury goods.

The law of value will tend, with the state's active assistance as mentioned above, to reduce the prices of all goods and services to a level assuring the subsectors producing them of generally constant profits rather than drastic and prolonged fluctuations in income.

As for the state's revenues for defraying the expenditures mentioned above, they should derive from income tax on enterprises (but be levied at a lower rate in view of the postulated disappearance of subsidies) and, given a diminishing role of the turnover tax, from the taxes levied in the form of mining, land-use, and environmental pollution fees, as well as -- this being highly important from the standpoint of the redistributive role of the state -- from a sharply progressive tax on personal incomes that reduces even extremely high gross incomes to socially accepted levels, i.e., to levels that do not disintegrate the society so far as living standards are concerned.

## The State's Role in Foreign Trade

A basic element of the command-economy system was and in practice remains the state's monopoly over foreign trade. This has been a positive factor in protecting the weak economies of the socialist countries during the first stage of their development. But now it is acquiring more and more negative aspects by obstructing a rational allocation of means of production and greater innovativeness of the economy, and by protecting the economy against foreign competition and thus supporting the conservatism and inertia of domestic monopoly structures.

The current low general effectiveness of the economy, and the more so its low export effectiveness, coupled with a distorted price system, impedes introducing a rational rate of exchange for the zloty. This also impedes the formation of direct foreign ties by enterprises without mediation by the state, which exercises monopoly over foreign trade.

The development of a competitive domestic market, systemic streamlining of the price system, a general growth in efficiency of production and in particular of state-assisted production, through the mediation of commercial banks, and appropriate types of export specialization should make it possible to introduce a fixed rate of exchange for the zloty, changeable by the state and set at an equilibrium level for enterprises, i.e., enable them to trade freely with foreign countries, and these measures should also result in eliminating [the state's] monopoly of foreign trade.

In these circumstances the state's active role would consist in supporting the still weak domains of development by providing customs protection of the degressive type, and in indirect assistance to developing export branches through the mediation of commercial banks, and also by means of a regulated promotion of competitive imports as a stimulus for increasing the innovativeness of the economy.

## Labor, Wages, and Incomes Policies

The pressures of a competitive market and the resulting rapid technological progress will necessitate the discharge of employees and lead to the rise of an authentic labor market. The state's role here should consist in:

- granting financial and organizational assistance, both direct and indirect, in the creation of new jobs, chiefly in modern domains of production and in services, relating chiefly to improvements in the quality of life, so as to assure full employment to all those who want to work for equitable wages;
- organizing vocational retraining, assisting in adult education, and lowering the age limit for retirement pensions for elderly persons unable to change their occupations;
- providing rational [unemployment] benefits for persons in transit between jobs;
- fixing mandatory work time and proper labor safety conditions.

As regards wages and incomes, the state's obligations should include fixing the minimum and maximum wages and benefits, including income maximums for all self-employed population groups, with the aid of an appropriate system of taxation. A normally operating and universally accessible market for goods and services minimizes the advantages and scope of speculative moves as well as the overall scope of the second economic circulation [the underground economy].

#### Rationalizing and Democratizing the Consumption Fund

The economic weakness and sociopolitical contradictions of the command-economy system have resulted in that, among other things, a number of postulates advanced long since by the founders of socialism as regards enhancing the participation of forms rationalizing and democratizing the consumption model has been abandoned or greatly curtailed. The operation of a normal market that is suitably assisted by the state as well as the public consumer movement may contribute to achieving marked progress in many important related domains, such as:

- optimization of the durability and quality of manufactured consumer goods and a broad expansion of their repair services for population groups of varying levels of wealth;
- increase in the share of various relatively low-cost but generally satisfactory forms of collective services such as food catering, laundry establishments, transportation, recreation, tourism, etc.;
- leasing of various rarely used goods in lieu of their ownership;
- organization of low-cost care of incapacitated persons, etc.

All this taken together should promote maximizing the ratio of useful effects to the personal consumption fund and is particularly important in view of the objective necessity of an increasingly efficient utilization of the limited natural resources. In addition, this should help reduce the span of differences in living standards among various population groups without artificially distorting the ratio of prices to the cost of production or services by means of subsidies or the turnover tax.

#### Problems of the Transition Period

The transition from the present role of the state in the socialist economy to the above-outlined desirable role in a not too distant future is closely linked to a general change in the operating principles of our economy and should make possible what our system has so far been unable to accomplish, namely, an organic and actual integration of a high effectiveness of management with principles of social justice and social integration as based on the democratically expressed will of the majority of the society. This is a difficult and complex process. The proponents of preserving in principle the traditional role of the state, and by the same token opponents of a fundamental change in that role, claim that this change is not feasible owing to the deep contradictions between the requirements of effectiveness,

particularly when the market economy is consistently introduced, and the requirements of social security for a majority of the society.

Such claims are harmful, because, unless there is significant progress in the effectiveness of management, there can be no increase in living standards and in adequate social security, and the society would turn its back on such socialism.

The transition period can and should be shortened, and the transition to the new system can occur relatively painlessly, because the old and insufficiently reformed system contains a tremendous potential harbored in irrationally utilized resources, obsolete structure of investments, and insufficiently utilized human initiative and skills -- potential that could be rapidly tapped by a different economic policy and in the presence of a consistently implemented reform.

The tapping of this potential may release substantial resources serving to offset the social losses and damage associated with deep changes in the occupational and social standing of large segments of the population, changes that are an inevitable corollary of the implementation of a thorough reform of the entire operating system of the economy, including a fundamental reform of the state's role as discussed here.

There are skeptics who claim that, owing to the resistance of the conservative forces, these reforms and changes in the state's role shall never be accomplished. This is not excluded, but the conviction can be expressed that the objective requirements and possibilities of an accelerated development of productive forces in our era as well as of the development of socialism as a progressive social order will be sufficiently strong to overcome this resistance.

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## POLISH ECONOMIST ANALYZES THRUST OF SOVIET REFORM DRIVE

Warsaw WIES WSPOLCZESNA in Polish Jan 87 pp 28-37

[Article by Professor Jerzy Kleer, Department of Economic Growth Theory, School of Economics, Warsaw University: "The Soviet Economic Reform" ]

[Text]

## I

The changes occurring since some time in the Soviet economy, in its development strategy and operating system, are of special importance, and that not only because a deep reform extending to all segments of the economy has been initiated but also because, owing to these measures, many canons of theory that have been leading a long and often fossilized life must be rethought. In an interview the Director of the Institute of Economics, USSR Academy of Sciences, Professor L. I. Abalkin, has declared, "The empirical road and the method of continual trial and error are definitely too costly."

It is noteworthy in this connection that the difficulties that arose in the Soviet economy during the second half of the 1970's and in the early 1980's were not of an unprecedented nature. They had occurred in the past, too, at least twice: in the late 1930's and early 1940's and at the beginning of the 1960's. At the time, however, owing to various considerations, no radical changes had been introduced in the system of linkages, in the mechanisms for directing the economy, and in the relationships among general, group, and individual interests. Each time, merely, the system of governance and management was modified to some extent; this in its turn actuated mechanisms harbored in the economy -- so-called shallow reserves, but it did not make possible lasting and extensive changes assuring a proper rhythm of the economy, a rhythm that would adequately stimulate innovativeness and enterprise, on mobilizing desirable self-regulating mechanisms that would be adaptable to changing internal and external conditions. This is a problem we face not only in the Soviet economy but in all the other socialist countries. The solutions employed in individual countries varied, being better in some than in others. As a rule, this was due to specific indigenous conditions. But in a majority of cases such modifications of the operating system were regarded as isolated instances -- the standard development model of the socialist economy, as shaped in the past, was modified only in some details.

Under the present Soviet reform the situation is different for at least several reasons. First, the changes extend to the operating model of the economy in a country which has been, at least in the initial stage, a model for emulation by all the socialist countries, and whose solutions were regarded as universally applying to all socialist economies. The current changes in the operating model of the economy in the Soviet Union also are important because the view of the immutability of one system formed once and for all has been abandoned, because, along with the changes in productive forces, development level, and external environment, in addition to the limited availability of certain means of production, this seemingly immanent operating system also must be subjected to a radical restructuring. This development is of special significance to theory and practice. For essentially this is the first time in several decades that a statement of theory -- bound to be followed by practical measures -- has been made to the effect that extensive changes in the institutions, allocation mechanisms, and control instruments of the socialist economy are necessary. The general and very theoretical if not abstract statement about the dialectics of productive forces and production relations is acquiring a more practical solution. It should be added here, besides, that restructuring the operating system is part of much more extensive changes in every domain of life of the society. This was most explicitly formulated by Mikhail Gorbachev at a meeting with the party aktiv of Khabarov Kray, at which he declared, "[The restructuring] extends not only to the economy but to all other aspects of life of the society -- social relations, the political system, the intellectual and ideological domain, the style and methods of work of the party and of all cadres. I would place a sign of equality between the words 'restructuring' and 'revolution.'"

Second, the Soviet economy is a large economy with a highly differentiated structure and diversified possibilities and specific features of discrete regions, republics, krays, and oblasts. Although this is not a new statement, at present its significance is completely different from that in the past. For an effective exploitation of the country's huge economic potential can occur once these specific possibilities of discrete regions are more fully taken into account in practical decisions. A large economy has a complicated nature, especially when it achieves the level achieved by the Soviet economy. The system of linkages binding in the past had been adapted to a totally different kind of economy, much more primitive, less developed, and totally transparent. Hierarchic structures are at present incapable, owing even to purely technical considerations, of encompassing the entire economy so as to invigorate it sufficiently. The abandonment of stereotyped solutions is becoming the behest of the moment. This concerns primarily agriculture, local industry, housing construction, the infrastructure, etc. Such an approach is of great importance to not only practice but theory. For it goes against the grain of the system of vertical linkages for the sake of horizontal linkages that had been dominant for decades; the subsector principle is becoming partially supported and partially dislodged by the regional principle.

Third, the Soviet reform will exert a far-reaching influence on the socialist countries, not only by providing model solutions but by virtue of the economic links between the Soviet economy and the individual countries. From one-third to two-thirds of all trade of the socialist countries is with the

Soviet Union, not counting other forms of technical, scientific, etc., ties. It is axiomatic that a deep restructuring of the system of linkages within a country is bound to influence the nature of its foreign linkages. Here I wish to draw attention to a fact that may at present still sound fortuitous but is highly significant. Namely, economic theoreticians, particularly those specializing in international economic relations, have for years been proclaiming the view that international [multinational] enterprises can also be effective in a socialist economy. In practice this view could not gain acceptance, but the agreements signed recently in Warsaw by Prime Minister Ryzhkov and Prime Minister Messner have demolished this longtime barrier. I mention this, because I believe that, in the long run, the changes in the economic mechanism of the Soviet economy will hugely affect the economies and operating systems of other socialist countries precisely owing to the actually existing economic, technological, and scientific ties, as well as to some extent owing to institutional ties. This also concerns the CEMA as an integrative grouping which has been making limited progress, at least in relation to the tasks formulated in the program for socialist integration resolved upon 15 years ago in Bucharest.

## II

The approach to restructuring the operating system in the Soviet Union resolves, as it were, the prolonged theoretical dispute as to whether reforms should be immediate or gradual. It is no accident that for decades discussion had been confined to improving the already existing operating system, with the concept of the reform, i.e., of qualitative changes, being rejected. To be sure, even now this term is used reluctantly, but for a completely different reason. For it is believed that the concept of the reform is too confined to encompass the process now taking place in the Soviet Union. The nature of the problem reduces, however, to perceiving the need to abandon many institutional solutions and mechanisms and instruments of management that existed in the past. It is thought that this should be accomplished within a relatively brief period of time, and that the coexistence of different solutions in the operating system would not be conducive to improving effectiveness of management. And this effectiveness precisely is the paramount criterion at present. Whatever promotes effectiveness of the economy is good, and whatever impedes this process must be discarded. It is of no major importance whether this or that solution had been considered valid or not in the past. This means that the deep restructuring is being or has to be accompanied by discarding many old solutions of theory. This concerns primarily, though not exclusively, decisions concerning commodity relations and their place in the socialist economy. Similarly, statements of theory concerning the system of linkages as well as the operating principles of enterprises, including the extent of their autonomy and self-government, have to be substantially reappraised. Of course, complete and clear solutions of theory are as yet absent. But, as has recently been emphasized in the Soviet press, the social sciences, including perhaps primarily the economic sciences, are lagging too much behind practice and are not adequate to the proper needed solutions. Theory is excessively tardy and to a large extent fossilized. In such a situation, the economic experiment initiated in 1984 at enterprises subordinate to five ministries, and subsequently extended to increasingly larger domains and segments of the economy, is to be as of the beginning of



1987 extended to the entire economy, and it should largely confirm theory and practice. The basic difference between the current experiment and its previous counterparts reduces, first, to the extremely extensive scope of the current experiment and, second, to the idea that it should promote the integral restructuring of both the development strategy and the operating system. At the April (1985) CPSU Central Committee Plenum Mikhail Gorbachev declared, "By now a point has been reached at which transition from experiment to the formation of an integral system of management and governance is needed."

In this context it is worth commenting on the role of experiment as a way of introducing new institutional solutions in the economy. At present experiment as a point of departure for extensive transformations has gained the right of citizenship, which in the past had been far from common. On the contrary, it used to be thought that experiment is of limited significance to institutional solutions extending to the entire economy. The arguments against experiment were of a twofold kind. The first kind relates to a certain dogmatic approach to understanding economic processes. The arguments used to reject the possibility of experimenting were commented upon as follows by D. Valovoy in the Soviet periodical ZHURNALIST in 1983: "The possibility of economic experiments had been rejected for a long period of time. Some economists tenaciously argued for years in favor of the impossibility of conducting such experiments. They referred to Marx's observation in the Preface to Volume I of 'Capital' that neither the microscope nor chemical reagents are of any use to investigating economic forms. Both must be supplanted with the force of abstraction. Ultimately, despite the difficulties occurring in an economy in which everything is linked vertically and horizontally, the idea of experimenting in the economy has overcome.... Nowadays this is already a tried and tested form of action."

But there also exists another group of arguments, having a more practical nature. For what does the term "experiment" mean? It means a state-decreed suspension of binding rules of the economic game in favor of other rules, also imposed by a central decision, applied to a certain number of enterprises. The new principles contradict to some extent, of course, those binding throughout the economy. They create for the experimenting enterprises operating conditions that are not only different but also, as a rule, better. Now then, to what extent are they "hothouse" conditions? As to whether they will prove to be so once they are extended throughout the economy, this of course cannot be known in advance. Nonetheless, the scale of the Soviet experiment at present is so extensive, comprising numerous domains of manufacturing and services, that the conclusions that can be drawn from these experiments will have a binding power vis a vis the entire economy.

### III

Understanding the causes of the restructuring of the operating system of the economy in the Soviet Union apparently requires drawing attention to one other major issue which has not so far been defined by theory with sufficient clarity and precision. Namely, any model of development displays two closely interrelated aspects: 1) the development strategy, which comprises the basic economic priorities, and the type of economic expansion; and 2) the operating system that is to promote and assure the fulfillment of the material tasks



ensuing from the strategic assumptions. The development strategy outlined at the 17th [27th] CPSU Congress is not a mere continuation of the economic and technological tasks of the past. Above all, it was found that, despite the repeatedly advanced postulate for the transition from extensive to intensive growth, it had not been possible to accomplish this important strategic task. In this place let me draw attention to two important effects. The first is the systematically declining growth rate of national income during the successive 5-year plan periods, beginning with the second half of the 1960's, when it was 41 percent, and ending with the first half of the 1980's, when it was 17 percent. The other example is the decline in the mean annual growth rate of labor productivity throughout the economy from 6.5 percent in the second half of the 1960's to 2.4 percent in the early 1980's. This meant not only a collapse of quantitative growth but also absence of progress in the quality of the products manufactured and in the basic macroproportions within industry as well as the continuation of a high energy- and materials-intensiveness of production. Switching the economy onto the track of modernity now no longer required merely changes in development priorities and main tasks, in a word, in the development strategy, but also fitting the operating system to new objectives. Accelerating economic growth on the basis of modern means of production, exploiting science and technology progress on a broad scale, and assuring an augmented growth rate of output solely owing to an increase in labor productivity is becoming feasible only on condition that the operating system itself undergo deep qualitative changes.

This kind of restructuring of the economic mechanism was referred to at the 27th CPSU Congress by Mikhail Gorbachev: "The Central Committee and its Politburo have outlined the main directions of restructuring the economic mechanism. We pose the following tasks:

"-- increase the effectiveness of central guidance of the economy, enhance the role of the central authorities in implementing the basic goals of the party's economic strategy, determining the pace and proportions of development of the national economy, and balancing that economy. At the same time, the practice of interference by the central authorities in the operative activities of subordinate economic elements should be overcome;

"-- resolutely broaden the limits of the autonomy of associations and enterprises, enhance their responsibility for attaining maximally high end-results. To this end they should be converted to genuine cost-effective operation, to operation at a profit, and to self-financing, and the income levels of the workforces should be made directly contingent on their performance;

"-- convert to economic methods of management at all levels of the national economy and, to this end, restructure material-technical supply, refine the system of prices, financing, and credit, and develop incentives that would effectively counteract irrational expenditures;

"-- base management on up-to-date organizational structures with allowance for tendencies toward the concentration and specialization of production as well as toward coproduction. This concerns creating complexes of interlocked .pa

subsectors, intersubsector research and technology centers, and diverse forms of economic associations and local production organizations;

"-- assure an optimal meshing of subsector and regional management of the economy as well as a comprehensive and social development of the republics, and organize rational intersubsector linkages;

"-- broadly democratize management, enhance the role of worker collectives in management, intensify public control, strengthen the principle of the controllability and openness of the work of economic bodies."

The lengthy passage cited above points to the depth of the restructuring of the operating system and outlines the main directions of changes.

The Soviet economy as a large economy displays certain specific qualities which as a rule are absent in small and medium economies. These qualities consist in, first, the great heterogeneity and specific economic conditions of discrete regions and, second, the complex nature of their linkages, which are the more opaque the more that economy is developed. Both qualities result in that an excessively centralized system of guiding and administering the economy, as based chiefly on vertical connections, is incapable of mobilizing and the more so exploiting all the resources of that economy. To be sure, by definition, so to speak, intensive growth requires utilizing economic mechanisms and indirect instruments of guidance to a much greater extent than does extensive growth, but in a large economy this necessity is even magnified. The organization of the economy must be more differentiated than is feasible in a centralized model. This axiom is being increasingly disseminated in the Soviet Union. To maintain an appropriate rhythm of development, a modern economy must be based on diverse guidance mechanisms, differentiated institutions, and a suitable organization allowing for specific regional and subsector features.

#### IV

A basic issue should be altering the relationship between central planning or, more broadly speaking, central guidance, and the degree of autonomy of enterprises and economic organizations. This is a fundamental problem to every socialist economy. A guidance mechanism in which enterprises are merely units performing tasks imposed from the top has by now become obsolete. At present, mention is increasingly made of socialist entrepreneurial spirit, of the need for innovativeness at the grassroots level, of the need for considerable freedom of the enterprises. A crucial question is, generally speaking, the limits of centralization versus the limits of enterprise autonomy. The issue of combining a broader effectiveness of central management with a broader autonomy of enterprises is at present the principal topic of Soviet discussions of the new economic mechanism. Three related questions deserve emphasis. The first concerns the limits of centralized management. The well-known Soviet economist A. Kolganov commented in his article, "The Contradiction Between Centralism and Autonomy," *VOPROSY EKONOMIKI*, September 1986: "Regulating minutely the activity of enterprises has absolutely no positive effect on increasing the effectiveness of planned management. What is more, at present in a number of cases, such detailed control transcends the

scientifically substantiated practical bounds and the limits of economic analysis by superior agencies, while plans containing many dozens of indicators prescribed from the top and, to boot, subsequently supplemented with other indicators and instructions, are beginning to acquire the coloring of a bureaucratic utopia." What is indisputable is that the traditional approach to planning can no longer be continued and, as the 1965-1976 economic reform has shown, the problem cannot be resolved merely by "chopping off" dispensable indicators. What is needed is qualitative changes in planning, which should be expressed in maintaining some indispensable minimum number of centralized guidance indicators referring to the main directions of economic and social growth. Indisputable also is the need for some autonomy of enterprises and for their democratic management. But the nature of that autonomy is yet to be determined and unclear as yet. This still remains an open question, and the current experiment and the discussions of theory are yet to provide a correct answer thereto.

The second question concerns commodity-money relations and the approach to utilizing them in a socialist economy. Unlike in the 1960's and the 1970's, the current dispute no longer pertains to the need to utilizing these relations; the basic question now is, what is to be the nature of these relations, what premises should they be based on, to what extent should they be objective, and to what extent should they exercise active and self-regulating functions in addition to planning. This concerns primarily prices, profits, an active role of credit, etc. This also is an open question, and the current discussion is not purely theoretical in nature. For everything indicates that the adopted direction leads or shall lead to an objectivization of the parameters which should operate as correcting factors with respect to the plan. As for certain domains which the plan cannot and should not encompass, they are to be subjected to the regulating functions of the market. The unfolding of the future course of these events cannot be predicted at present.

The third question concerns the hierarchy of organizational structures. A characteristic and still largely persisting feature of the Soviet model is its extended hierarchical structure. The enterprise was and remains subordinated to three or four superior agencies. This system has at least two flaws. First, it leads to the transmission to subordinate organizations of uniform targets agreed upon at the top, and hence it is bound more or less extensively to disregard the particular conditions of every individual enterprise. This restricts grassroots initiative and reduces or even completely eliminates entrepreneurial spirit. The "top" is unable, let alone willing, to have insight into the specific possibilities for production and innovation at individual enterprises. In the interview granted to EKONOMICHESKAYA GAZETA in September 1986, Minister of Light Industry V. G. Kluyev pointed out that management of this kind is excessively detailed and the system is unusually ponderous and inefficient. Such a system requires total reorganization resulting in not only shortening the levels of subordination but also differentiating them extensively. Second, such a system, given the attendant interconnections, results in a production flowchart such that the better-performing enterprises support financially the underperforming or even mismanaged enterprises. The current restructuring of the economic mechanism is aimed at instituting a two-level system of



management. This will make the system more transparent and provide the criteria for distinguishing between good and bad enterprises. This also is to be assisted by the postulate that the expansion of enterprises should be, within the framework of their autonomy to some extent, linked to their self-financing.

## V

The experience of many socialist countries, and chiefly of the Soviet Union, indicates that a major factor in an effective restructuring of the economic mechanism is creating a suitable incentive system. Hence the need to answer the question of whether there should be greater egalitarianism or greater differentiation of incomes. This is a problem of both theory and practice. To be sure, everyone, both the adherents of income differentiation and the adherents of a more egalitarian division of incomes, proceeds from the general premise of income distribution according to labor, but the degree of that differentiation for differing labor is a still incompletely resolved question. It is likely that no single answer to the question thus posed can be found, considering that in every society and during every stage of economic development specific factors play an essential role. Hence also the answer must always be specific, i.e., allow for the conditions of the development as well as for the extent to which the existing degree of differentiation or its absence stimulates or impedes growth in labor productivity and a better utilization of manufacturing, raw materials, and power, in a word, what effect this has on improving the effectiveness of management.

In this context, two other questions have to be answered. First, whether the trends occurring in a given economy are toward an increase or a diminution in wage differentiation. Concerning this cardinal question, wage studies in the Soviet Union since the 1960's point to tendencies toward wage equalization. N. Kinnashevskaya comments on this matter as follows in *EKONOMICHESKAYA GAZETA* (No 41, 1986): "At present the tendencies toward wage equalization originating in the 1960's still continue. During the eighth 5-year plan period minimum wage increased by 50 percent whereas mean wage increased by 26 percent. In practice, this means that the growth of wages has not sufficiently affected mean wages and the wages of highly skilled blue- and white-collar workers, which has resulted in eliminating [as published] wage differentiation... The level of wage differentiation can be judged from the indicator expressing the ratio of the wages of the top 10 percent most highly paid blue- and white-collar workers to the bottom 10 percent blue- and white-collar workers receiving the lowest wages. According to the findings of our studies, at present this ratio amounts to 3.3-3.4 for the economy as a whole and 3 for industry. This level is inadequate when viewed from the standpoint of differences in labor, on allowing for the high proportion of manual labor."

The view that the level of wage differentiation is low is not only increasingly presented in Soviet publications; this level is also subjected to sharp criticism as an obstacle to modernizing and streamlining the economy, and as a factor conflicting with the objectives outlined by the 27th CPSU Congress.



The other question concerns the interrelationship between wages and other sources of income and the factors which, as certain theoreticians claim, are of growing importance to work performance, such as occupational and professional prestige, working conditions, living conditions, amenities, etc. In this connection, the thesis of the declining role of individual incomes (wages) is being increasingly criticized. It is being pointed out that individual wage is and will remain a major factor, because it is the principal element in the division of consumption goods, and that the weakening of the incentive role of wages reflects both the existing disequilibrium on the consumer goods market and a poor organization of labor, and lastly that wages cannot be merely remuneration for reporting for work, but rather should be remuneration for actual effects of labor. From this is drawn the general conclusion that restructuring the economic system requires a return to much more differentiated wages.

#### IV

Finally, the last issue I wish to present in this place concerns abandoning the subsector structure in favor of a regional-subsector structure. In the past, the subsector principle, consisting in hierarchically ordered and vertically linked organizational structures, had been dominant. What mattered was the subsector, the branch, while linkages of a regional nature mattered less, because they often eluded the clear and explicitly organized structures. In the past, attempts at reforming the economy by promoting regional linkages had either been considered a mistake (the concept of the *sovnarkhoz*) or, though formally legislated, e.g., in the Constitution, failed to produce the desired results. Anyway, it had been difficult to translate this idea into reality in a situation in which both a sufficient degree of autonomy of discrete economic elements and complexes and a sufficient degree of utilization of money-commodity relations were absent. What then does the transition from the subsector principle to the subsector-regional principle signify? It signifies that some of the powers until now reserved for the central authorities are to be delegated to the lower levels or, more exactly, to local administrative agencies. This concerns primarily such fields as agriculture, housing, the social and production infrastructure, trade, services, and local industry. The regional-subsector principle makes it possible to allow for the specific features and possibilities of individual regions. The transition, partial at least, from the subsector principle to the regional-subsector principle will serve to exploit that part of resources which in the past had remained elusive, appearing at points of contacts among various subsectors and thus, to some extent, belonging to no one, as it were.

On being endowed with certain powers hitherto belonging to the central authorities, local authorities can guide in a differentiated manner the enterprises decisive to the living conditions of the inhabitants of a given region. And hence this can no longer be a single organizational schema transmitted from the top, or a unified system of guidance. Lastly, this means a marked expansion of the powers of agricultural enterprises and *kolkhozes*. The changes already introduced allow the state sector to sell on *kolkhoz* and town markets up to 30 percent of its output of potatoes, vegetables, and perishables. Previously only plan-exceeding output could thus be sold. The system of material incentives by now is not limited to [produce] output alone

and has been extended to part of locally processed products. This is of capital importance to a better utilization of output, which under the previous system used at least partially to go to waste.

As outlined in most general terms above, the direction of restructuring of the economic mechanism serves to infer two conclusions. First, while the basic solutions are known, the details of the guidance model are still far from being complete and coherent. They will surely be completed and made coherent only a few years hence, once an overall assessment of the experiment is feasible. At present, too many aspects of theory and practice still remain unclear. The second conclusion, which to be sure was not mentioned above, but which ensues from an even cursory reading of scientific periodicals and Press articles, is that the changes in the operating mechanism are meeting with numerous impediments relating to the need to overcome both parochial and group interests and to resistance of a psychological nature. However tall these obstacles may be, the Soviet leadership is determined to carry out this process, which Mikhail Gorbachev has termed a revolution, to its end.

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## INCOME POLICY IN AGRICULTURE

Warsaw ZAGADNIENIA EKONOMIKI ROLNEJ in Polish Nos 2-3, 5, 86

[Article by Zdzislaw Grochowski, Institute for Economics of Agriculture and Food Industry, Warsaw: "Income Policy in Agriculture"; passages in slantlines printed in boldface]

[No 2-3, 86 pp 29-46]

[Excerpts] General Remarks

The objective of income policy in agriculture is to set by economic means a level of income of the population employed in agriculture which ensures the profitability of agricultural production and, therefore, promotes its further growth. Profitability of agricultural production means that its value in sales prices covers financial outlays for production, taxes and other financial encumbrances on farms, ensures remuneration at a socially acceptable level for the labor of agricultural producers and still provides for a certain surplus, which is necessary to support the outlays for expanded reproduction.

To be sure, the definition of profitability of agricultural production is unambiguous in theory. However, in practice this notion is relative and difficult to quantify unambiguously for the following reasons:

- first, due to considerable differentiation among farms in the ratios of the factors of production, volume of production and requisite expenses and, thus, the efficiency of production;
- second, due to instability of production and economic performance due unstable harvests;
- third, due to estimates of socially acceptable remuneration for labor in private farming being a matter of convention;
- fourth, due to the scope of funds for expanded reproduction being a matter of convention.

Due to the differentiation of farms, it needs to be determined which producers or groups of them may and should be the point of reference for setting income policy in agriculture and, by this token, policy of agricultural prices.

Except for the 1950-1956 period, when income policy was designed to transfer national income generated in agriculture for the benefit of industrialization and failed to ensure profitability of agricultural production, the premise of income policy and, therefore, agricultural price policy, since 1957 has been to ensure profitability of production and create conditions for expanded reproduction. The average economic environment for private farming, i.e. practically the macroeconomic performance of the latter, was the basis for the policy of agricultural prices, whereas income allocated for consumption per person employed full-time provided the reference point.

Until the late 1970s, the principle of equal rate of increase in income of the agricultural population and of other population groups in our country applied in income policy. The principle of equal rate of growth in income was fully adhered to over longer periods of time (as will be shown below with detailed statistics), despite considerable fluctuations in income of the agricultural population from year to year, which is natural for agriculture. A new principle of income policy in agriculture, namely equalization of the average income of agricultural and non-agricultural population, i.e. the principle of income parity, was adopted in January 1981 in a joint declaration of the PZPR CC Politburo and the NK ZSL [Chief Committee of the United Peasant Party] on agricultural policy.

The principle of income parity has also been affirmed in more recent official documents; however, differences in the wording used have resulted in arbitrary interpretation. For example, the law on prices of 26 February 1982 sets forth that official procurement prices for agricultural products "are set at a level ensuring profitability of production /for the majority of farms/, taking into account the ratio of incomes of agricultural to those of non-agricultural population." or income parity. A resolution of the 11th PZPR CC and NK ZSL Plenum in 1983 stated: "It is deemed necessary to ensure the profitability of agricultural production and parity of incomes of the agricultural and non-agricultural population /under the conditions of efficient agricultural production/."

"The majority of farms" is not an unambiguous definition. If the number of farms is at issue, then "the majority" of them range from 0.5 to 5 hectares of total area and account for 58.4 percent of all farms, but only 23.2 percent of agricultural land. On the other hand, if we consider farms accounting for the greatest share of agricultural land to be "the majority," then it will be the farms larger than 7 hectares. After all, they account for 63.5 percent of the land, but only 29.1 percent of all farms. Similar or even more pronounced differences are found in the shares of these groups of farms in commodity production. Therefore, the notion set forth in the law cannot be practically applied in the policy of agricultural prices. The same is the case with the notion "under the conditions of efficient agricultural production." As is known, on small farms there is little chance to obtain income from agricultural production at parity levels even when production is very efficient (with the exception of specialized farms). On the other hand, on



large farms it is possible to obtain income per employee above parity levels, even with efficiency of production being below average.

However, in itself inclusion of the above definition in official documents shows that the principle of average income throughout private farming as the basis for income policy and, therefore, that of agricultural prices, is questionable. The inclusion amounts to an attempt to modify this principle somewhat by proposing to eliminate a group of marginally efficient farms in one form or another from the estimation of the average income. Obviously, any attempt to eliminate the least efficient farms would automatically raise the average income of the remainder of farms, and would thus ensure parity of incomes of the agricultural and non-agricultural population at a lower average income throughout private farming than before.

The implications of the above definitions gave grounds for some economists and economic functionaries to question the principle of income parity throughout private farming and to suggest that the principle of parity be restricted only to "purely agricultural" farms, excluding part-time farms. Accepting this suggestion as the basis for income policy would translate in practice into an overall reduction in the income of the agricultural compared to the non-agricultural population, because "purely agricultural" farms secure higher income per person employed due to their greater average area.

In practice to date, the average income per person employed throughout private farming has always been considered the basis for income policy, despite obvious considerable differentiation in such income due to, among other things, differentiation in farm size. Likewise, the average incomes, rather than those of "a majority of farms" or those of a further unspecified group of farms meeting the criteria of "efficient agricultural production," were at issue in scientific reports and publications concerning comparative analyses of incomes of agricultural and non-agricultural population and in demands for agricultural policy concerning the acceptance of the income parity principle (including those made by organizations representing farmers).

Our critical view of the opportunity for the practical use of the above definitions in income policy does not mean, however, that we favor keeping the principle of average income in its current form. In our opinion, it is necessary to modify the principle of average income, but gradually and with a view to promoting desirable changes in land tenure better than before. We will return to this issue later in this paper, in our discussion of differentiation in income parity of agricultural population depending on the size of farms.

#### Financial Encumbrances, Balance of Loans and Income Distribution in Private Farming

Besides agricultural prices, financial encumbrances and loans, or, more precisely, their balance, constitute an economic instrument of income management policy in agriculture.

Financial encumbrances on farms include taxes, contributions to retirement funds, excess of expenditures over proceeds by virtue of insurance with the

PZU [State Insurance Bureau] and miscellaneous expenses, e.g. excise, court and notarial fees. These encumbrances reduce the disposable income of farms and are, therefore, a substantial influence on the distribution and volume of other components of income, i.e. the consumption and accumulation funds.

The balance of loans equals the difference between the sums of loans received and repaid in a given year. Since the sum of loans received has thus far always been greater than that of loans repaid, the balance of credit has been identical with an increase in debt. This increased the current income of farms and also influenced the distribution and volume of remaining components of income, obviously in an opposite direction than financial benefits. Loans play an essential role in financing expanded reproduction in private farming, since they make possible increasing the expenditures for both current production and investment above the level which the current income and financial situation of farms can support. Therefore, partial financing of expanded reproduction through loans accelerates the development of agricultural production, and at the same time reduces the need to provide funds for this purpose by raising [the procurement prices] of agricultural products.

The above analysis embracing a relatively long span of 24 years has allowed us, on the one hand, to show graphically general trends of changes and mutual relationship among the three economic instruments of income policy in agriculture, i.e. agricultural prices, financial encumbrances and balance of loans. On the one hand, the analysis has shown the role of these instruments in determining the volume and distribution of income in private farming.

Agricultural prices are the basic economic instrument determining the income of private farms. Depending on the overall situation in the national economy, the level and mutual relations of these prices for goods sold and purchased may increase or reduce the income actually generated in agricultural production. In their turn, other economic instruments, i.e. financial encumbrances on farms and the balance of credit, are clearly complementary with regard to agricultural prices. After all, a relative reduction in financial encumbrances reduces the need for growth of procurement prices, whereas increased encumbrances result in a need to raise prices. Relative increases or reductions in the balance of loans affect procurement prices in the opposite direction.

A policy of modest financial encumbrances on farms is preferable from the standpoint of the national economy. After all, an increase in financial encumbrances necessitates an increase in procurement prices of agricultural products and, consequently, in retail prices of food, due to the need to ensure the profitability of agricultural production and, therefore, adequate levels of income for agricultural producers. Just as an increase in prices of goods and services purchased by the agricultural population, an increase in financial encumbrances fuels inflation.

As we have already stated, partial financing of expanded reproduction through loans, and ultimately through their balance, not only speeds up the growth of agricultural production but also alleviates the need to obtain funds for this purpose through the growth of prices of agricultural products. From the

social point of view, a relative increase in the balance of loans and, therefore, the indebtedness of farms, is more efficient, as opposed to price raises, because loans are selective and given only to farms which increase outlays.

Over the period in question, the role of loans and their balance in financing investment outlays displayed a marked downward trend, because funds secured through a relative decrease in financial encumbrances on farms played an important role in financing. At present, the role of loans and their balance in financing expanded reproduction should grow in view of the reversal in the trend to date, i.e. a relative increase in financial encumbrances, which has already happened in part. Otherwise, social pressure for growth in procurement prices of agricultural products will mount.

[No 5, 86 pp 3-21]

[Excerpts] Ratio of Incomes of the Agricultural and Non-agricultural Population

The GUS [Central Office of Statistics] statistics use the category of the "non-socialized" sector in agriculture. This sector includes private farms larger than 0.5 hectare of total area, private gardening plots smaller than 0.5 hectare of total area put to agricultural use by private persons, including backyard plots and gardens, employee gardening lots and farms of private owners of animals owning no land. This aggregate approach to all private agricultural producers is adequate for showing the level and rate of changes in production and income, including private farming. We used statistics for all non-socialized farming as the basis in our previous analysis of the influence of agricultural prices on income and of financial encumbrances and loans on income distribution. However, it is necessary to separate agricultural producers not classified as private farmers from the non-socialized sector for the purposes of analyzing the income of private farms, and especially its differentiation among individual farm size brackets, which we will proceed to do in the present paper.

The GUS statistics include data on the area of agricultural land not belonging to private farms and on the number of persons whose main source of support is income from agricultural production on lots under 0.5 hectare. However, they do not include data on production and income from gardening plots. The latter statistics are our own estimates. Of course, we are aware that these estimates cannot be absolutely accurate and that they describe the order of magnitude rather than specific levels. The estimates of production and income from employee gardening lots are based exclusively on our personal experience, whereas those for lots under 0.5 hectare and landless producers--on research by the IERiGZ [Institute for Economics of Agriculture and the Food Industry] carried out in 1984 in 187 villages all over the country, which included the value of final agricultural product by 3,361 families using lots ranging from 0.1 to 0.5 hectare of total area and 810 landless families which had only backyard gardens smaller than 0.1 hectare of total area, including owners of cattle who owned no agricultural land (1).

Table 1. Estimate of Income From Agricultural Production on Lots Smaller Than 0.5 Hectare and Employee Gardening Lots

Rubric	I 1980 I	I 1981 I	I 1982 I	I 1983 I	I 1984 I
Lots smaller than 0.5 hectare and landless cattle owners					
Number of lots in thousands	797	820	846	989	1148
Number of cattle owners in thousands	61	64	77	95	66
Total number of producers in thousands	858	884	923	1081	1214
Value of final product per producer in 1,000 zlotys	16	30	43	49	57
Total value of production, billion zlotys	13.7	26.5	39.7	53.0	69.2
Income, billion zlotys	8.2	15.9	23.8	31.8	41.5
Employee gardening lots					
Number of lots in thousands	614	666	735	811	865
Production of vegetables and fruit, 1,000 tons	123	133	146	162	172
Prices of vegetables and fruit, zlotys per kilogram	15	19	29	32	40
Value of production, billion zlotys	1.8	2.5	4.2	5.2	6.9
Income, billion zlotys	1.4	1.9	3.2	3.9	5.2
Total					
Income, billion zlotys	9.6	17.8	27.0	35.7	46.7

#### Differentiation in Income in Size Groups of Private Farms

In the beginning of part 1 of this paper, we quoted two different statements on the policy of agricultural prices, according to which profitability of agricultural production and parity of incomes of the agricultural and non-agricultural population should be ensured either for "a majority of farms" or "under the conditions of efficient agricultural production". Considerable differentiation in the profitability of production among farms is the reason behind both of these statements suggesting that the principle of setting profitable procurement prices for agricultural products be restricted to certain conditions. This differentiation is mainly expressed in differences in income per one person employed. We can discern this differentiation among individual size groups of farms on a macroeconomic level. Obviously, there is quite a lot of variation in income within one and the same size group, but this is an issue of rational organization of production rather than of income policy.



Table 2. Consumption Fund of Private Farms and Income Parity with Non-agricultural Population

Rubric	I 1980	I 1981	I 1982	I 1983	I 1984
Current prices, billion zlotys					
Reported consumption fund in the non-socialized sector (a)	248.5	402.4	652.9	690.3	745.5
Difference in self-supply prices (b)	9.7	23.4	36.1	55.3	73.7
Adjusted consumption fund	259.2	379.0	689.0	645.6	819.2
Consumption fund of non-agricultural population derived from agricultural production (c)	10.0	16.7	28.5	38.5	51.3
Consumption fund of private farms	248.2	362.3	660.5	707.1	767.9
Labor force, 1,000 persons					
In the non-socialized sector	4004	4054	4113	4030	3950
On lots under 0.5 hectare	48	53	59	66	73
In private farming	3956	4001	4054	4964	3877
Consumption fund per employee, 1,000 zlotys					
In individual farming	63.0	90.6	162.9	178.4	198.1
In the socialized sector	72.7	92.2	150.3	187.6	215.2
Parity of income of population employed in private farming					
Income in socialized economy = 100 percent	87	98	108	95	92

(a) self-supply products calculated in procurement prices.

(b) self-supply products calculated in retail food prices.

(c) according to table 1, with differences in self-supply prices taken into account.

Table 3. Share of Accumulation as Percent of Agricultural Income

Groups of farms	I 1980	I 1981	I 1982	I 1983	I 1981-1983
Private farms					
total	-4.0	20.6	1.5	9.3	10.7
Record-keeping farms					
total	-2.0	21.9	6.0	11.1	12.7
1 to 3 hectares	-17.0	18.5	-0.5	-2.2	3.5
3 to 7 hectares	-5.8	22.8	1.5	8.3	9.2
7 to 10 hectares	0.5	25.2	5.7	14.4	14.3
10 to 15 hectares	4.2	23.3	12.1	14.2	15.8
over 15 hectares	9.2	30.7	14.4	22.1	21.7

Differentiation in income and profitability of production on farms depending on their size is essential from the point of view of income policy and its instruments discussed here. On the one hand, a study of such differentiation will make it possible to determine the statistical area of a farm which provides income per person employed at the average level throughout private farming. On the other hand, this study will enable us to determine the size of a parity farm, i.e. a farm providing income per one person employed equal to income per one person employed in the socialized economy.

It follows from the above that a decline in the share of income for consumption does not necessarily signify a deterioration in the income situation of private farming. It may be a consequence of improved supply of the means of production to agriculture, which prompts the farmers to increase outlays for expanded reproduction at the expense of restricting the growth of the consumption fund or even reducing it in absolute terms. Therefore, by itself the volume of income for consumption per one person employed in private farming is not a completely adequate indicator of the income situation and its changes in individual years. Therefore, the level and changes in the ratio of agricultural income (adjusted, i.e. excluding changes in the value of the herd and stock on hand) should be used in working out the income policy, along with the share of income for consumption. The former ratio is more in line with the objectives of income policy in agriculture, because it is based on the income allocated not only for consumption, but also for expanded reproduction (in the form of outlays for investment in production). As was shown above, the proportions of distributing agricultural income are quite flexible, and differences between the two income ratios vary depending on the supply of the means of production to agriculture, as well as the contribution of loans (ultimately, of their balance) to financing investment outlays.

As far as the ratio of incomes of agricultural to non-agricultural population necessary for regular operation and development of private farming is concerned, it cannot be set theoretically or solely on the basis of "social justice" premises. After all, as the discussion above suggests, income policy in agriculture cannot alleviate, let alone eliminate, tremendous differentiation in income occurring in private farming, regardless of the level of income it ensures.

The necessary ratio of incomes can only be established empirically, by observing the behavior and responses of farmers over longer periods of time. Observations made in the 1970s have little value for these purposes in the current, different situation, whereas observations in recent years are still insufficient for putting forth fully documented and justified conclusions. Data of the last 2 years appear to indicate that an equalized, i.e. parity, level of consumption income of agricultural and non-agricultural population is not a necessary condition for regular operation and development of private farming.

Improvement in land tenure of private farming is one of the objectives of agricultural policy to which, among other things, income policy should be subordinated. Improvement in tenure, expressed primarily in a larger share of larger farms, is one of the necessary conditions for modernizing private farming, using agricultural machinery efficiently, increasing labor Table 4.

Differentiation in Agricultural Income, Accumulation and Consumption Fund by Size Groups of Private Farms

Rubric	Size groups of private farms in hectares of total area					
	I	I	I	I	I	I
	I	I	I	I	I	I
	10.5 - 3	3 - 7	7 - 10	10 - 15	over 15	total

Record-keeping farms  
(average data for 1981-83)

Agricultural income, 1,000 zlotys per hectare	75.8	63.2	55.1	52.5	44.3	56.5
Differentiation index	134.2	111.9	97.5	92.9	78.4	100.0
Accumulation, 1,000 zlotys per hectare	2.9	5.8	7.9	8.3	9.6	7.2
Accumulation as percentage of agricultural income	3.5	9.2	14.3	15.8	21.7	12.7
Consumption fund, 1,000 zlotys per hectare	72.9	57.4	47.2	44.2	34.7	49.3
Number of employees per 100 hectares	54.3	32.8	23.9	19.0	13.1	26.0
Consumption fund per employee, 1,000 zlotys	134.3	175.0	197.5	232.6	264.9	189.6
Differentiation index	70.8	92.3	104.2	122.7	139.7	100.0

All private farms  
(1984 data)

Number of farms, thousands	1182	833	365	292	172	2844
Total agricultural land, 1,000 hectares	1577	3550	2727	3138	3043	14036
Total agricultural land per farm, hectares	1.33	4.26	7.47	10.75	17.69	4.94
Total number of employees, thousands	908	1236	690	625	420	3877
Number of employees per 100 hectares	57.6	34.8	25.3	19.9	13.8	27.6
Number of employees per farm	0.77	1.48	1.89	2.14	2.44	1.36
Agricultural income, 1,000 zlotys per hectare	85.0	70.9	61.8	58.9	49.7	63.4
Differentiation index	134.1	111.8	97.5	92.9	78.4	100.0
Accumulation, 1,000 zlotys per hectare	3.4	7.0	9.5	10.0	11.6	8.8
Accumulation as percentage of agricultural income	4.0	9.9	15.4	17.0	23.3	13.9

Table 4 continued

Rubric	Size groups of private farms in hectares of total area					
	I	I	I	I	I	I
	10.5 - 3	3 - 7	7 - 10	10 - 15	over 15	total
	I	I	I	I	I	I
Accumulation per employee, 1,000 zlotys	5.9	20.0	37.5	50.3	84.0	31.9
Consumption fund 1,000 zlotys per hectare	81.6	63.8	56.3	48.9	38.1	54.6
Consumption fund per employee, 1,000 zlotys	141.8	183.7	206.8	245.4	276.2	198.1
Differentiation index	71.6	92.7	104.4	123.9	139.4	100.0
Ratio of incomes of agricultural vs non-agricultural population	65.9	85.4	96.1	114.0	128.4	92.0

productivity and restricting the growth of prices of agricultural products and, therefore, retail prices of food.

Procurement prices for agricultural products in our country are relatively high, because they are derived from labor productivity on farms the average size of which barely exceeds 6 hectares of agricultural land. If we accept labor productivity as measured by net product of these farms to be 100, then labor productivity on farms with 10 hectares of agricultural land would come up to 125, on 15-hectare farms--155, on 20-hectare farms--175 and on 25-hectare farms--200, whereas on 2-hectare farms--only 65 and on 4-hectare farms--85, and all of this under the present conditions when production per unit of area decreases as the size of the farm increases due to insufficient capitalization of labor on larger farms. These statistics show the opportunities for increasing labor productivity as land tenure improves. These opportunities will become even greater as more means of production are acquired by larger farms and, consequently, current differences in production per unit of area are eliminated.

The current income policy based on the average conditions throughout private farming and the linear agricultural tax provide incentives to increase the area of a farm, but they do not facilitate either the elimination of smaller, less efficient farms or the sale of part of the land by part-time farms. This is why income policy should be designed to promote desirable changes in land tenure towards polarization. This can be facilitated by a change in the present format of income policy; namely, instead of the average conditions throughout private farming, we should accept a fixed, but gradually growing, size of a parity farm. The initial size of a parity farm should be greater than the size providing average income, i.e. under the current conditions, about 7 hectares of agricultural land. This size should increase by one hectare every 5 years, so as to reach about 10 hectares by the year 2000.



Table 5. Farms with Consumption Fund Per Employee Below and Above the Average for the Private Sector (below and above 7 hectares of total area) (1984 data)

Rubric	Private farms			Ishare of Ifarms larger Ithan 7 hect- Iares as per- Icentage of Itotal
	I total	I 0.5 to 7 I hectares of I total area	I above 7 I hectares of I total area	
Number of farms, in thousands	2844	2015	829	29.1
Agricultural land area, 1,000 hectares	14036	5127	8909	63.5
Number of employees, in thousands	3877	2144	1733	44.7
Agricultural income in billion zlotys	890.4	385.9	504.5	56.7
Accumulation, billion zlotys	123.2	30.3	92.9	75.3
Consumption fund, billion zlotys	767.2	355.5	411.6	53.7
Per 1 employee, 1,000 zlotys				
agricultural income	229.7	179.9	291.1	
accumulation	31.9	14.1	53.6	
consumption fund	198.1	165.8	227.5	
differentiation index	100.0	83.7	114.7	
Income parity with non- agricultural population	92.0	77.0	105.7	
Estimated index of differ- entiation in total con- sumption fund per person*	100.0	94.2	109.4	

\* Calculated on the basis of the above-quoted work by J.S. Zegar, according to which differentiation indexes of the total consumption fund per person in 1983 for individual size groups of record-keeping farms were as follows (average data for the entirety of them being 100): 1-3 hectares--92.8; 3 to 7 hectares--96.1; 7-10 hectares--102.6; 10-15 hectares--109.2 and larger than 15 hectares--123.6.

On the one hand, accepting a specific and consistently growing size for a parity farm would provide a common and quantifiable frame of reference for the notions on the foundations of income policy and policy of prices in agriculture (such as "a majority of farms," "under the conditions of efficient production," "on 'purely' agricultural farms"), which have so far been controversial and difficult, if not altogether impossible, to quantify. On the other hand, this would set clear targets of structural policy and



## DATA ON 1986 ECONOMIC LOSSES ANALYZED

Belgrade BORBA in Serbo-Croatian 25-26 Apr 87 p 2

[Article prepared by Momcilo Corgovic: "Losses--Larger and Larger, Changes--More and More Difficult"]

[Text] There were 2,306 OOUR's employing 594,258 workers ending the last business year with losses amounting to 633.8 billion, which means 1 out of every 8 OOUR's in the economy, employing 11 percent of the total labor force. These losses increased 99 percent over 1985.

The unstable conditions for the conduct of economic activity have been, as we like to say, "bringing about" the losses--above all: the high rate of inflation, price disparities between purchases of production supplies and sales of finished products, and then the high debt and dependence upon imports of certain sectors. And all of this is actually the price that has to be paid for the slow qualitative changes in the pattern of economic activity, the unutilized internal potential for conducting business more economically, profitably, and productively. An aggravating circumstance is that a vicious circle has been created that is difficult to get out of--after all, since 1981 losses have been increasing at a gallop from 30,066 billion (at an average annual rate of 100 percent)--which is more and more disturbing, since the causes of the losses are becoming more and more difficult to correct.

Even though the growth of losses was slower from 1985 to last year, it was still a record year with respect to current losses and the amount of uncovered losses and also with respect to those losses from earlier years which have not been made up. The steps which have been taken to take the burden off the economy--on the basis of interest and exchange-rate differences, and then the tightening of financial discipline of those operating at a loss along with the failure to yield in connection with the payment of personal incomes, have only slowed down, it is said, the growth rate of losses, but have not changed their pattern or size. Obviously there cannot be a healthy economy without more fundamental and qualitative changes in the conduct of economic activity.

#### Homegrown Inventiveness

It is interesting that last year losing enterprises "distributed" more income than they realized, indeed 72 percent more. In practical terms this means

that government, social service, and personal expenditure were financed without coverage. This inflationary trend was compounded by the shortsighted homegrown inventiveness to obtain funds to cover losses by driving up prices. Although it is clear to everyone that this merely postpones the final solution of the problem, but there are no consequences to pay.

The income of losing enterprises increased because prices were driven up, while the real volume of output, sales, and services actually decreased. Incidentally, the income was realized exclusively on the domestic market; exports were minimal and were, so to speak, compelled by the need to obtain the necessary foreign exchange for imports.

The personal incomes in enterprises operating at a loss increase somewhat more slowly than in organizations without losses, but even this increase was high and amounted to 130 percent over the previous year. Thus the average monthly personal income was 71,799 dinars in losing enterprises, which is 15 percent less (12,723 dinars) than the average for the entire economy. It seems, however, that there still is no great risk from operating at a loss, since there are losing enterprises in which personal incomes have increased considerably, even higher than the average for the branch they belong to (there are cases when personal incomes are actually the only reason why losses were incurred).

Uncovered personal incomes, however, cause inflationary increases, since taxes and contributions for social services are tied exclusively to the movement of personal incomes. That is why the specialists are inclined to the observation that uncovered personal incomes are in fact the reason for most of the current losses and for the failure to cover government and social service expenditure outside OOUR's, which still have to be made up in the next period, and this would be done through higher inflation and stricter conditions for the conduct of economic activity. There are economists who say that spending in advance means losing resources forever.

Where are most of the losses concentrated? The figures show that this is where they least ought to be--in industry (all of 87 percent). The organizations with the largest losses are in the chemical industry, the food industry, and paper manufacturing and processing. They have a very low level of utilization of production capacity and then difficulties with imported raw materials, capacity that is oversized compared to the market, administrative measures which have set ceilings on certain prices, a lack of their own working capital, a high degree of dependence on expensive bank credit, and then high interest rates as well.

The losses in the chemical industry amount to 103.8 billion dinars. The organizations with the largest losses in this industry are the OOUR "Fertilizer Factory" of INA "Petrochemical Industry" in Kutina (28.7 billion dinars), INA "Petrochemical Industry" in Omisalj (13.6 billion dinars), the OOUR "Polymers" of "Jugovinil" in Kastel Sucurac (6 billion dinars), and "Zorka" in Sabac (10.5 billion)--together representing 57 percent of the losses in this branch. In any case, this branch sets aside 109.8 billion dinars for interest (of which 75 billion goes for credits extended for working capital).



Second place on this inglorious list is taken by the electric power industry, whose organizations incurred 62.6 billion dinars in losses. Most were incurred by thermal electric power plants, above all by TE Gacko (5.6 billion), TE Sisak (2.9 billion), TE Rijeka (2.2 billion), TE Kakanj (1.8 billion). Outstanding losers among hydroplants were the following: HE Varazdin (1.8 billion), HE "Orlovac" (1.2 billion), and HE "Zakucac" of Omis (1.4 billion). Groupings for the transmission and distribution of electric power incurred losses amounting to 21 billion dinars (34 percent of the sector's total loss). The causes of the losses lie in the price disparity between fuel and power rates, the fragmented nature of the electric power system, the tardy completion of projects in the power industry, and the dependence upon imported equipment and spare parts.

The food processing industry recorded losses amounting to all of 52.5 billion dinars. The organizations with the largest losses were those for meat and fish processing (21 billion), sugar mills (15 billion), and fruit and vegetable processing plants (12.3 billion). The largest problem in this branch is the underdevelopment of the raw materials base, which interrupts the continuity of production.

Amounts in millions of dinars

Indicator	1985		1986		Index
	Amount	%	Amount	%	
1. Loss because of expenditures not reimbursed from gross income	112,139	34.0	167,483	26.4	149.3
2. Loss because of uncovered obligations met from income	78,363	23.7	145,260	22.9	185.3
3. Loss because net income was not realized	139,869	42.3	321,042	50.7	229.5
4. Total current loss	330,370	100.0	633,785	100.0	191.1

#### Coverage of Losses

Indicator			From Other Sources Not Requiring Repayment	From Business Fund up to Amount of 50% of Calculated Depreciation
	Current Loss	Total		
Production of chemical products	103,792	45,219	27,186	11,502
Electric power industry	62,632	29,082	9,176	15,178
Production of food products	52,528	12,769	3,758	3,946
Metal manufacturing	33,372	10,521	4,806	1,841
Coal mining	27,064	26,552	22,266	3,311

#### Nibbling Away at Net Worth

Metal manufacturing incurred losses of 33.4 billion (almost sixfold greater than in 1985). The organizations with the major losses were producers of producer goods (17.2 billion), and then those producing metal fabrications (8.4 billion) and producers of miscellaneous metal products (7.7 billion).

Paper producers and processors incurred losses of 31.8 billion dinars: the largest losses accounted for by the OOUR "Cellulose" of "Matroz" in Sremska Mitrovica (10.6 billion dinars), the Work Organization "Paper" in Titov Drvar of UNICEP of Banja Luka (5.2 billion), the OOUR "Cardboard Production" in Cazin (4.5 billion), and the Prijedor Pulp and Paper Factory (2.9 billion).

Miners incurred losses of 27 billion dinars (eightfold more than in 1985). The largest amount of losses (24.8 billion) occurred because of uncovered and unpaid personal incomes. The organizations with the largest losses were the following: the lignite mine in Titovo Velenje (3.43 billion), the brown coal mines in Hrastnik (3.2 billion), and Trbovlje (2.8 billion), and the lignite mine in Bukinje (1.8 billion dinars). In metallurgy the organization with the largest losses was the OOUR "Rolling Mill" of the Smederevo Metallurgical Combine with a loss of 12.2 billion, which is 48 percent of the losses of the entire branch.

Last year there was a sudden jump in the losses of producers of petroleum products as well—12.2 billion dinars. Those with the largest losses were the OOUR "Fuel Production" of INA "Petroleum Refinery" in Rijeka, with a loss of 11.9 billion. The producers of transportation equipment which "distinguish themselves" the most for their losses were manufacturers of highway vehicles (5.7 billion) and rail vehicles (3.8 billion). Their problems were regional fragmentation and lack of organization and the fact that their plant and equipment is outdated and worn out. In transportation the largest losses were incurred by highway transportation with 8.2 billion and rail transportation with 7.8 billion dinars.

When the year-end statement for 1986 was prepared, 37 percent of the losses were covered, which is considered a record (if we can talk in terms of records at all in this area) for the last several years and demonstrates the efforts of society as a whole to stop up these immense "holes" as soon as possible. It is unfavorable, however, that in covering the losses ever greater use is being made of so-called permanent sources of resources and less and less use of internal and joint reserves. There remained 397.5 billion of losses which were not covered; when added to the uncovered losses from earlier years, amounting to 30.5 billion, the total is 428 billion dinars.

It is especially unfavorable that many organizations used assets in their business fund for coverage in the absence of other resources. The new law on financial rescue, however, will make such transfers much more difficult. This law also considerably shortens the time period for the financial rescue proceedings (by 30 July instead of 31 December) and restricts the possibility of using financial rescue credits (a maximum of 70 percent of uncovered losses can be made up with credits).

The conditions for organizations incurring losses, then, are becoming ever more difficult and uncertain not only because of the new laws, which perhaps

we will not abide by literally, as in fact we have not abided by the earlier ones, but also because of the exhausted condition of the entire economy, which will have ever greater difficulty in covering the pattern of economic activity it has displayed up to now, which is obviously bad. Essential changes have also occurred in institution of bankruptcy proceedings out of a desire to put an end to the philanthropic practice that has prevailed up to now, "catching" a token number of organizations (up to 31 December 1986 bankruptcy had been instituted in 24 OOUR's). In 1987 and 1988 exemptions from bankruptcy will be honored only for organizations of particular social interest whose prices have been placed under direct controls by the FEC.

All of which demonstrates only one thing: the pattern of economic activity up to now and the organization of the entire socioeconomic context have to change.

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CSO: 2800/199

## PRICE INCREASES IN FIRST QUARTER 1987 ANALYZED

Belgrade BORBA in Serbo-Croatian 25-26 Apr 87 p 2

[Article by Milica Dapoevic]

[Text] A month ago when the FEC decided to tailor a different balance of this year's inflation than the one which certain producers (with unreasonably high price increases) had begun to serve up at the beginning of the year and adopted the decision to roll back those prices to some more acceptable level, there was great commotion in the Federal Bureau for Prices. On the one hand they were literally smothered in demands from producers all over the country that they be exempted from this penalty pronounced by the FEC, requesting that they be allowed new price increases. No one knows how many tons of paper have arrived at the bureau from the economy in the recent past, but they say that no one remembers anything like what they have had in the early days after enactment of the decision—the messengers were using trucks to carry the mail in the building of the FEC. By all appearances (and also judging from stores within the country) we can conclude that domestic inflation has conquered such heights that estimates of an annual rate of 130 percent were "on the low side."

Fortunately, the storm soon died down, and now they are not working night and day anymore even in the bureau, and the messengers are now carrying the mail "by hand and on their backs." In the end—after those price rises in January and February (and you recall that prices were rising on 500 articles a day), and then after the measures of the FEC which were supposed to prevent prices from getting out of control, and finally after the March records for price increases, now that this is all somehow behind us, we are looking for lessons from what happened with prices in the first 3 months.

[Boxed material, left column: From the time when the decision to roll back prices was made and up to 10 April of this year the bureau received 1,840 notifications from the economy, 1,250 of them pertaining to price rollbacks without exemption. Some 589 producers required exemptions; this means almost one-third of all the notifications the bureau received. Exemptions were allowed for 56 price lists, 125 requests were honored in part, and 40 were ordered to roll back prices. There are still 112 cases being processed.]



The statistical service has confirmed that prices have been making an assault on the records during these months.

The monthly rise of retail prices did not fall below 7 percent, which over the first 3 months of this year represents an annually adjusted inflation of 127.7 percent. Measured in terms of the cost of living, inflation exceeded 130 percent during those months. If measured in the prices of services, this would be an unprecedented jump of inflation of all of 172 percent over that period.

In some republics, however, inflation was even higher than this unusual percentage during the 1st quarter. Here are the statistics, first for the entire country: retail prices over the first 3 months rose 22.8 percent over last December, producers prices in industry rose 21.6 percent, and the cost of living 23.3 percent. The most restless prices were those of services; their average monthly growth was 8.7 percent (all of 12 percent in January alone!), and that figure includes certain items of very great importance to the standard of living, such as rent, transportation, and utilities.... The rise of retail prices in March over the same month of the previous year (these are the most realistic comparisons) reached 93.2 percent in Yugoslavia as a whole. This percentage appears to be quite modest when compared to the 110.5-percent rise of retail prices in Slovenia. Prices were higher than the "general line" in Montenegro (94), Croatia (96.5), and Vojvodina (93.5).

The same comparisons for the cost of living show that the average increase in Yugoslavia as a whole was 94.8 percent. Once again Slovenia was above the average with 108.7 percent, Croatia with 99, Vojvodina with 96.8, and Montenegro with 96.4 percent. These percentages were "raised" the most by rent increases, which amounted to 147.1 percent in a year. Nor were the others able to keep up with Slovenia in the rise of prices of services, which in March of this year were all of 153.9 percent higher in Slovenia than they had been a year previously. Coming in second for this inglorious record was Vojvodina with a 114.7-percent price rise for services, while the Yugoslav average was 105.9 percent.

[Boxed material, right column: Over the first 3 months of this year the Federal Bureau for Prices received 2,992 notifications of intended price increases or requests for consent to new increases from the economy: more than half of them, 1,786 cases, are under the regime of what is referred to as direct price controls. Out of that number 1,295 seek consent to new prices, and 491 notifications pertain to intended price increases at the end of a 3-month restraint. At the same time it also received 1,206 notifications that prices of certain products had already been raised or soon would be in the case of prices under some of the broader forms of social price controls. Up to the end of March the bureau had issued 241 rulings allowing price increases and 266 rejections.]

In the middle of what we might call this drama with prices at the beginning of the year, the FEC decided to distinguish the fair price increases from those others referred to as being unwarranted and uneconomic, and it issued the decision on the rollback of prices. This stroke of fairness, however, was not

altogether successful, since up to now prices have been reduced only by those smaller producers--better stated, by those whose prices were not in fact the reason for enactment of that decision (such products as toothpicks, soap, toilet paper...). We have learned that the major producers are maintaining a wise silence about the rollback of prices. They seem to have found a loophole even in this decision of the FEC, so that probably no one can touch them. Some people say that they made these decisions on price increases back last December, and so the "rollback" does not affect them, while others are seeking clemency, taking advantage of one article in the decision, and still others are waiting for the inspectorate (not) to knock on the door, and yet others have supposedly rolled back prices, but at the same time they pull their goods off the market--and so on.

It remains to be seen what the net result will be of this battle with prices. But when one really thinks it over, that result is not in fact so important. Just so the producers do not need trucks to carry their income.

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CSO: 2800/199

## ADMINISTRATIVE INTERFERENCE IN PRICE POLICY ASSAILED

Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian 26 Apr 87 pp 17-18

[Article by Soepan Rabrenovic: "The Administrative Market"]

[Text] The first claim for damages has been filed with the federal government because of its price policy: representatives of 140 work organizations employing about 56,000 workers and belonging to the Croatian Business Community for Livestock Raising met last Friday in Petrinja and filed a claim with the FEC and Yugoslav Assembly for reimbursement of 30 billion dinars which they say they will lose because of the present procedure for determining the prices of meat and milk.

In that meeting proceedings were initiated at the same time for evaluation of the constitutionality and legality of three decisions of the FEC pertaining to support prices of livestock in 1987 and the ceiling prices on meat and milk.

We can figure out from a news item stated this way that the slaughterhouses are actually in revolt because of their unequal status: They have to respect the decision of the federal government on the prices of fresh meat and milk, but at the same time those who raise livestock need not respect the decision on purchase prices of livestock. This, of course, does not mean that the stockmen will nevertheless be in a more favorable position than the slaughterhouses. According to custom, the slaughterhouses will import third-grade meat from the bilateral payments area and use that for canning, and in the end the stockmen will have to sell off their herds at bargain prices. The selling off of the herds began unusually early this year: instead of the fall, the stockmen have been selling off their herds in the spring. The livestock markets in the Morava Valley and Sumadija are crowded with livestock, but there are no customers.

## Growth of Industrial Output (in percentage)

Indicator	1985/1984	1986/1985
SFRY	3.0	3.9
Bosnia-Herzegovina	5.0	5.4
Montenegro	1.0	4.8
Croatia	2.0	4.6

Macedonia	3.0	7.3
Slovenia	1.0	1.9
Serbia	3.0	3.8
Vojvodina	0	2.3
Kosovo	16.0	1.6

#### Net Personal Income Per Worker (in dinars)

Indicator	1986 Average	December 1986 Average
SFRY	84,670	129,505
Bosnia-Herzegovina	74,020	110,157
Montenegro	68,454	101,954
Croatia	90,995	131,662
Macedonia	59,254	89,225
Slovenia	122,460	200,102
Serbia	78,555	121,011
Vojvodina	78,125	119,156
Kosovo	61,780	93,798

#### The Illusion Concerning Liquidation

In enacting the decision on the present level of meat and milk prices, the federal government issued a threat through the director of the Federal Bureau for Prices: "Those slaughterhouses which cannot fit into these prices will have to be liquidated." In actuality there are slaughterhouses which cannot survive on the market according to any criterion of a real economy, there are quite a few of them, they are not utilizing enough of their capacity, and they are engaged in one and the same production.

But those employed in the slaughterhouses can rightly object that the situation is not much better in the other sectors of the economy either. Petroleum refineries, for example, are using less of their capacity, but they have gained the right to "price adjustment" every 3 months. This is the explanation as to why the prices of petroleum products in the country have risen at a time when petroleum on the world market dropped to half of what it was a few months ago. And why the price per barrel of domestic petroleum is about 40 to 50 percent more expensive than what we have been buying in the outside world.

If the federal government really intends to liquidate unprofitable slaughterhouses through its economic policy, then they ought to be allowed to behave in market fashion, since in an "administrative market" there not only is always the possibility of pointing a finger at the person to blame (in this case the federal government itself), but it is also possible to import on the basis of "division of quotas," and some third party--the stockmen, for example--can even be hurt.

Which is why there is so much suspicion about the intentions of the federal government: Perhaps in setting meat and milk prices it has been more



concerned about the social consequences and less about the liquidation of unprofitable slaughterhouses.

It is most probably that kind of "concern" on its part that determined its decision to roll back prices "to the December level plus 20.3 percent." Even with the naked eye one can see that this decision has hurt precisely those producers who were late in "adjusting prices" of their products. This can also be shown from the number of strikes in various places and branches of the economy.

### Freezing the Injustices

Although the defense in the federal government is that their decision to roll back prices is not the same thing as a freeze, there is no other way to explain it. And every price freeze is in actuality nothing other than a freezing of injustices. Those who previously seize the opportunity to raise their prices and increase their earning can now take it easy as compared to those who have been trying to catch up with them. In that kind of situation market criteria cannot operate in evaluation of business performance; that is, the rewards cannot go to better performance and the penalties to poorer performance.

### Current Prices of Industrial Products by SR's and SAP's

Indicator	December 1984/ December 1983	December 1985/ December 1984	December 1986/ December 1985
SFRY	52.9	81.3	67.6
Bosnia-Herzegovina	54.2	86.4	73.0
Montenegro	60.7	62.9	75.9
Croatia	57.9	79.7	58.6
Macedonia	48.2	95.3	59.3
Slovenia	56.0	93.7	83.1
Serbia	49.4	82.2	80.0
Vojvodina	61.3	72.2	71.6
Kosovo	55.5	86.2	53.1

It is normal for Yugoslavia to have some producers who are better and some who are poorer, but it is not normal, say, for all of them in a single republic to be better, while all of them in some other republic are not so good. And one can easily ascertain why they are all better in one republic by looking at the rise of prices of industrial products by republics and provinces over the last few years. One can easily see from these figures that earnings are higher in republics which have been raising the prices of industrial products faster. In practice terms this means that in the context of the high rate of inflation some can brag, while all others can do is lament. And that some can pass on their inflation to others.

From the tables we are presenting it is easy to see that the rise of prices of industrial products and the growth of earnings do not always depend on the growth of industrial production, but we lack tables on interrepublic trade. It would only be from such a table that we could see who was passing on how

much inflation to whom. We have made the rounds of many establishments and institutions in order to obtain those figures, finally establishing that statistical data of that kind have not been kept since 1980. Someone, we were told, placed a ban on presenting those data. We were not told who it was.

If there is any criticism that can be made of the Branko Mikulic government, then it is that it has not created the conditions in which it would be possible to find out what belongs to whom and how much of it belongs to whom. All accounts are muddled, and when all accounts are muddled, then all efforts toward a real economy are in vain. With its frequent administrative decisions the Branko Mikulic government has only been maintaining rights acquired previously and injustices established previously.

That same government, for example, has been spending a great deal of time and energy on "rolling back prices to the December level plus 20.3 percent," thereby reducing inflation by only 3 percent, but with its recent rise of the prices of petroleum products, it has allowed inflation to rise 2.5 percent. And further: that same government, in the resolution on development for this year, consented to "economic adjustment of electric power prices," but it still shakes its head when it comes to acknowledging this adjustment. Probably because it has turned out that domestic consumers cannot pay the export prices of power. But still they have to pay for many industrial products whose prices in the country are considerably higher than those at which they are exported.

The impact of the administrative price policy of this federal government can best be evaluated from the example of the "Takovski Grm" Timber and Lumber Enterprise in Gornji Milanovac, which was presented to us by its director Dr Slobodan Vucicevic. Last year, for example, the costs of skidding timber out of the forest with small Bosnian horses grossed out at 1,000 dinars per cubic meter. This year they rose to 4,000 dinars per cubic meter, since the owners of the horses believe that inflation will be rising faster than last year, and so they have increased their service charges more than threefold. In the meantime taxes on these services also rose by the same amount. (Old-age insurance taxes and education taxes, for example, are paid on the work of these horses.) When "Takovski Grm" raised the price per cubic meter of wood 40 percent, they were ordered to roll back prices to the December level plus 20.3 percent. The lumberjacks in this enterprise last year earned 66,000 dinars a month on the average. Moreover, they had to reduce their February earnings by 13 percent.

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